

20 October 2025

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. Audit Risk and Compliance Committee Annual Report to Council 2024/25**
- 4. Presentation of the 2024/25 Financial Statements and Audit Reports to Council**
- 5. Investments Held as at 30 September 2025**
- 6. Public Exhibition - Draft Code of Meeting Practice**
- 7. External Memberships**
- 8. Proposed Land Classification - South Sydney Rotary Park, 53 Henderson Road, Eveleigh**
- 9. Lease Approval - 46-52 Mountain Street, Ultimo**
- 10. Lease Approval and Exemption from Tender - 343 George Street, Sydney**
- 11. Exemption from Tender and Contract Variation – Insect Farming Food Scraps Processing Trial**

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

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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 15 September 2025

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.

Audit Risk and Compliance Committee Annual Report to Council 2024/25

File No: S083523

Summary

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

The primary objectives of the Audit, Risk and Compliance Committee (ARCC) 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.

The Audit Risk and Compliance Committee is required to report annually to Council. This report covers the period from 1 July 2024 to 30 June 2025.

Recommendation

It is resolved that Council note the Audit Risk and Compliance Committee's 2024/25 Annual Assessment Report as shown at Attachment A to the subject report.

Attachments

Attachment A. Audit Risk and Compliance Committee Annual Assessment Report to Council 2024/25

Background

1. Council is required to appoint an Audit, Risk and Improvement Committee and 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 ARCC meetings and
 - (d) subject to confidentiality considerations, obtain external legal or other professional advice considered necessary to meet its obligations.
2. The guidelines require each council in NSW to have:
 - (a) an audit, risk and improvement committee that continuously reviews and provides independent advice to the council on how it is functioning and managing risk
 - (b) a robust risk management framework that accurately identifies and mitigates the risks facing the council and its operations and
 - (c) an effective internal audit function that provides independent advice as to whether the council is functioning effectively and the council's internal controls to manage risk are working.
3. The guidelines clarify roles and responsibilities across risk management and internal audit, promote efficient and effective oversight arrangements, and streamline attestation requirements.

Audit Risk and Compliance Committee Annual Attestation to Council 2024/25

4. The Audit Risk and Compliance Committee is required by its Terms of Reference to report annually to Council. This report (Attachment A) covers 1 July 2024 to 30 June 2025.
5. The annual assessment report to Council must include:
 - (a) a summary and assessment of the work the City's Audit Risk and Compliance Committee (ARCC) performed to discharge its responsibilities during 2024/25
 - (b) an overview and assessment of the work of the Internal Audit unit
 - (c) progress against key performance indicators
 - (d) advice on the appropriateness of the Committee's Terms of Reference

- (e) an independent assessment by the Committee and advice on the matters considered by the Committee during the year that, in the Committee's opinion, and based on the level of risk facing Council, Council should be informed of and
 - (f) other views or opinions on the council that the committee wishes to share.
6. As at 9 September 2025, for the 5 overdue management actions/recommendations reported in Attachment A, there are 2 low-rated tasks that are overdue. One overdue recommendation is a low-rated audit recommendation (a finding from a prior audit of IT Project Management). Completion is currently at 70% and is estimated to be completed by December 2025. The other low-rated task is an agreed management action arising from the Recruitment Process and HRMS Recruitment Module report. Completion is currently at 20%.
7. There are 3 medium-rated management actions/recommendations that require more time to complete and have been extended to 31 March 2026 in order to complete the work required. There are two recommendations arising from the Low Value Procurement Review (at 80% and 60% completion as at 9 September 2025) and one agreed management action arising from the Schedule of Rates Review (at 90% complete).

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

8. 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 recommendations outlined in this report will ensure that the Council is compliant with the requirements outlined in the Regulation and the Guidelines, as well as maintaining the strength and independence of the City's Audit Risk and Compliance Committee.

Organisational Impact

9. The Audit Risk and Compliance Committee has been in place since 2002 and there will be no impact from the adoption of the recommendation in this report.

Risks

10. If the ARCC Annual Attestation Report to Council 2024/25 is not noted by Council, it will be non-compliant with the Regulation and guidelines, Audit Risk and Compliance Committee's Terms of Reference, and the Institute of Internal Auditors Global Internal Audit Standards.

Relevant Legislation

11. Local Government Act, 1993, sections 23A and 428A.
12. Local Government (General) Regulation 2021.
13. Guidelines for Risk Management and Internal Audit for Local Government in NSW - Office of Local Government (updated November 2023).

Critical Dates / Time Frames

14. The Audit Risk and Compliance Committee provides its annual report to Council in conjunction with the report of the External Auditor each year.

KIRSTEN MORRIN

Executive Director Legal and Governance

Debra Marschall, A/Chief Internal Auditor

Attachment A

<p>Audit Risk and Compliance Committee Annual Assessment Report to Council</p>

2024/25 ARCC Annual Assessment Report to Council



Table of Contents

2024/25 ARCC Annual Assessment Report to Council	3
Overview of the Annual Assessment	3
Introduction	3
Meetings and attendance	5
Summary: Committee Report Card	7
Internal Audit	7
The Internal Audit Plan, FY2024/25	8
Rating scale for internal audit reports	9
Internal Audits tabled, 2024/25	11
Monitoring internal audit recommendations	13
Forward Audit Plan, 2025/26	14
Quality Assurance Review	14
Annual assessment – Internal Audit unit	14
External Audit	15
Risk management, compliance and governance	15
Fraud and corruption prevention	16
Legal	16
Workplace health and safety	16
Conflicts of Interest Reporting	17
Other	20

Cover photo: VIVID Customs House, Paul Patterson/City of Sydney

2024/25 ARCC Annual Assessment Report to Council

Overview of the Annual Assessment

Per the Guidelines for Risk Management and Internal Audit for Local Government in NSW:

The annual assessment report to Council must include:

- a summary and assessment of the work the City's Audit Risk and Compliance Committee (ARCC) performed to discharge its responsibilities during 2024/25
- an overview and assessment of the work of the Internal Audit unit
- progress against key performance indicators
- advice on the appropriateness of the Committee's Terms of Reference
- an independent assessment by the Committee and advice on the matters considered by the Committee during the year that, in the Committee's opinion, and based on the level of risk facing Council, Council should be informed of, and
- other views or opinions on the council that the committee wishes to share.

Introduction

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

The 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 Committee complies with the Deputy Secretary's Guidelines for the purposes of section 23A of the Local Government Act 1993 and reports to Council through the Corporate, Finance, Properties

and Tenders Committee, in line with the Office of Local Government's (OLG) Guidelines for Risk Management and Internal Audit for Local Government in NSW (December 2023).

In December 2023 the Local Government (General) Amendment (Audit, Risk and Improvement Committees) Regulation 2023 was made.

The new legislation commenced on 01 July 2024. The new requirements in these regulations required further resolution of Council in relation to a new Audit Risk and Compliance Committee Terms of Reference and Internal Audit Charter.

This report covers the period 01 July 2024 to 30 June 2025.

Membership

In accordance with the updated Terms of Reference (October 2024), the Committee comprises one non-voting councillor and up to five independent members, one of whom holds the role of Independent Chair.

The City has adopted a staggered approach to the rotation of ARCC independent members, including the Chairperson, to ensure continuity of knowledge and skills. Each current independent member is pre-qualified on the NSW Treasury Panel for NSW Government Audit and Risk Committees.

Non-voting Councillor member:

- Councillor Robert Kok (from October 2024).

Independent members:

- Carolyn Walsh (Appointed as Independent Chairperson from 01 July 2021 to 30 June 2025). This appointment ceased on 30 June 2025.
- Elizabeth Crouch AM (Reappointed as an Independent Member from 01 June 2021 to 30 June 2025). This appointment ceased on 30 June 2025.
- Stephen Horne (appointed in January 2024 to a four-year term, appointed Chairperson from 01 July 2025).
- Robert Lagaida (appointed in December 2024 to a four-year term).
- Rosemary Milkins (appointed in December 2024 to a four-year term).

Ex-officio attendees include:

- Chief Executive Officer
- Executive Director Legal & Governance
- Executive Director Finance & Procurement
- Executive Director People, Performance & Technology
- 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.

Recruitment Process for Two New Independent Members

A call for expressions of interest was advertised in mainstream media outlets, the City's website, and through the Institute of Internal Auditors. Applications were open from 02 July 2024 to 21 July 2024. A total of 15 expressions were received.

The selection panel consisted of an Independent Member of the ARCC, a Councillor representative, Executive Director Legal & Governance, and Manager Financial Planning and Reporting. Council appointed Councillor Robert Kok to participate in the interview process and preparation of recommendations to Council for the appointment of two new external members to the Committee.

The selection panel recommended the appointment of Rosemary Milkins and Robert Lagaida by Council to the ARCC for a term of four years, commencing 1 December 2024. The selection panel confirmed the recommended appointees are eligible in accordance with the requirements of s216E of the Local Government (General) Amendment (Audit, Risk and Improvement Committees) Regulation 2023, and the recommended appointees are independent of the Council in accordance with s 216F (including not having had any business dealings with the Council).

Meetings and attendance

The Committee met five times during 2024/25 to consider matters relating to the financial, audit and risk management issues of the City of Sydney.

In 2024/25 the ARCC:

- endorsed the proposed ARCC Terms of Reference
- endorsed the proposed Internal Audit Charter
- endorsed the proposed Internal Audit Strategy 2025 - 2029
- reviewed the draft Risk Appetite Statement
- endorsed the updated Risk Management Policy (November 2024)
- endorsed the proposed four-year strategic internal audit program, 2025/26 – 2028/29
- focused internal audit activity in line with the City's risk profile and governance arrangements
- received regular reports on:
 - internal audit program status
 - insurance strategy
 - modern slavery and chain of responsibility compliance
 - management of data breaches
 - major legal issues
 - workplace health and safety and other compliance-related matters
 - IT security, including incidents and alignment with Essential 8 requirements

- Improvement and Transformation (an overview of key projects delivering efficiency, effectiveness, and community experience improvement)
- progress made on the City's Asset Management Improvement Plan
- Crown and Community Plans of Management Program
- received briefings, updates, demonstrations, or presentations on:
 - updates on the Committee's current disclosures of interest
 - significant legislative and regulatory change updates
 - status and progress of the Procurement Transformation Project (PTP)
 - deep dive briefings on fraud and corruption (matters and trends), data governance, WHS (psychosocial hazards)
 - annual major projects update
 - annual procurement and contract management update
 - the Council's Integrated Planning & Report, suite of plans, and resourcing strategy (via out of session email)
- maintained oversight of financial reporting and endorsement of the financial statements including securing relevant attestations from the previous Chief Financial Officer.

During the 2024/25 reporting period, the Committee held four in-person meetings (October, December, March, and May, plus a workshop in November 2024). A quorum of independent members was present for all meetings. Cr Robert Kok was elected by Council to be the Council's representative at ARCC meetings in October 2024, and attended the December 2024 and March 2025 meetings. He was an apology for the May 2025 meeting.

Independent Member	Oct 2024	Nov 2024 (workshop)	Dec 2025	Mar 2025	May 2025
Carolyn Walsh (chair)	X	X	X	X	X
Elizabeth Crouch AM	X	X	-	X	X
Stephen Horne	X	X	X	X	X
Rosemary Milkins			X	X	X
Robert Lagaida			X	X	X

Additionally, the Committee met *in camera* four times during the period with the Chief Internal Auditor prior to each meeting of the Committee.

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 2024 meeting. No management representatives were present.

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 FY2024/25)	Yes
Declarations of Conflict of Interests	Yes
Internal Audit updates, as well as preparing the four-year internal audit plan, monitoring recommendations/agreed management actions, reviewing the Internal Audit Charter annually, providing performance feedback on service providers	Yes
Risk Management, Compliance, and Governance updates, including Fraud and Corruption Prevention, modern slavery, register of delegations, insurance, and privacy	Yes
Financial Management	Yes
External Audit	Yes
Meetings	Yes
Closed sessions	Yes
Minutes and papers (accurate and timely provision)	Yes
Assessment arrangements (annual)	Yes
Annual Assessment Reporting to Council (at least annually) – this report	Yes

Internal Audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the City's operations. It helps the City accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The City's Internal Audit unit is led by a chief audit executive (Chief Internal Auditor). Most audit reviews are undertaken through an outsourced contract 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 2024/25.

For the 2024/25 reporting period, the Chief Internal Auditor tabled:

- the four-year strategic audit program for the period 2025-2029 and the annual operational audit plan for 2025/26
- regular reports from the Chief Internal Auditor on progress against the plan
- the proposed Internal Audit Charter aligned to the Office of Local Government's model internal audit charter for endorsement and was tabled for the new Council's approval in October 2024¹
- received audit reports, as well as updates, from the Chief Internal Auditor on the status of actions taken by management to address findings identified in previous audit reports.

The Chief Internal Auditor met *in-camera* with the Chair and Independent Members before each Committee meeting without management present.

The Internal Audit Plan, FY2024/25

The 2024/25 operational audit plan was endorsed by the Committee at the 20 June 2025 meeting and comprised 17 reviews, including the Assurance Mapping project and the Resilient Sydney Platform Data Integrity audit. This assignment was brought forward from the 2025/26 program on client request and will be completed early in the 2025/26 program year.

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.

There were 8 reviews tabled (including five unfinished reviews from the 2023/24 plan that were moved into the operational plan for 2024/25) during 2024/25:

- Financial planning and Reporting Review (2023/24)
- Records Management – Disposal (2023/24)
- Fire Safety Regulatory Management (2023/24)
- IT Third Party Risk Management Review (2023/24)
- Review of Low Value Procurement (\$10k-\$50k)
- Compliance Management Framework Review
- Fire Regulatory Processes (Combustible Cladding)
- Recruitment Process and HRMS Recruitment Module

At the end of the financial year, two audits from 2023/24 operational plan were at the final draft report stage, delayed by auditee priorities and staff unavailability.

These reviews are:

- Asset Condition Data Management
- Property Acquisition and Divestment.

Both reviews have since progressed toward issuance. Additionally, two audits were removed from the 2023/24 program:

¹ At the request of the CEO, the June 2023 charter remains in force until after the NSW local government elections in September 2024.

- ePlanning interface (no longer operational)
- Tririga Application audit (transferred to 2025/26)

The Committee reviewed and endorsed all recommendations/agreed management actions undertaken to address recommendations arising from audit reports.

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.

The ratings and their definitions are shown in the table below:

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.

Assess the likelihood of the risk occurring

After the risk has been identified, the likelihood of the risk occurring must be determined using the following table.

When choosing the likelihood rating, choose the likelihood that is the most probable or likely to occur.

Likelihood	Time scale
Rare	Unlikely to occur and requires exceptional circumstance, even in the long-term future
Unlikely	May occur in the longer term, but not expected to happen
Possible	Could occur in the near future, but most likely won't
Likely	Will probably occur in the near future
Almost certain	Is occurring now or is a common occurrence

Assess the consequences

Identify the consequences of the risk event occurring. This is the level of impact an anticipated event would have on the City's objectives.

Consequence	Context
Insignificant	Minimal harm and/or can be managed without diversion of BAU resources
Minor	Minimal harm and/or some reprioritisation of business unit or divisional resources to support key objectives at a business unit, project or service level
Moderate	Modest harm and/or modest reprioritisation of resources across division/s to support delivery of strategic, operational and/or performance objectives
Major	Considerable harm, and/or substantial reprioritisation of resources across several divisions to support delivery of strategic, operational and/or performance objectives
Severe	Extreme harm, and/or substantial reprioritisation of organisational resources to salvage key strategic, operational or performance objectives

Rate the level of risk

The risk matrix below shows the priority ratings. Priority ratings range from Low to Very High.

Consequence & Likelihood	Insignificant	Minor	Moderate	Major	Severe
Almost certain	Low	Medium	High	Very High	Very High
Likely	Low	Low	Medium	High	Very High
Possible	Low	Low	Medium	High	High
Unlikely	Low	Low	Low	Medium	Medium
Rare	Low	Low	Low	Medium	Medium

Internal Audits tabled, 2024/25

For 2024/25 there were identified high-risk issues in the audits tabled.

Meeting 1 - October 2024

(This meeting included internal audits because the meeting scheduled for August 2024 was cancelled due to a lack of a quorum.)

Review Name	Objectives and Outcomes	Overall Rating
Financial Planning and Reporting (Budgeting) Review	<p>Objective: Review and report on the adequacy of the City's processes and controls in formulating the budget and forecasting expenditure.</p> <p>Report issued on 07 August 2024.</p> <p>There were four improvement opportunities arising from this review. All are in progress.</p>	Low
Records Management - Disposal	<p>Objective: Assess the adequacy of the City's processes for the disposal of records from TRIM Content Manager, including data and metadata relating to the physical records held at the Government Records Repository. The processes for transfer of records to archives for permanent retention was excluded from the scope of this review.</p> <p>Report issued on 12 September 2024.</p> <p>All management actions have been completed.</p>	Low
Fire Safety Regulatory Management	<p>Objective: Review the efficiency and effectiveness of the City's processes and controls over health and building management in respect to fire safety requirements, including the controls that guide the type of construction, and the nominated level of fire safety measures comply with the requirements of the Building Code of Australia (BCA).</p> <p>Report issued on 19 September 2024.</p> <p>There were four management actions. One medium-rated management action is slightly overdue and reported at 75% completion.</p>	Satisfactory

Meeting 2 – November 2024 (a workshop – no internal audits were tabled)

Meeting 3 – December 2024

Review Name	Objectives and Outcomes	Overall Rating
Information Technology: Third-Party Risk Management Review	<p>Objective: Review third-party risk management framework practices designed to identify, assess, mitigate, and monitor risks associated with third-party relationships.</p> <p>Report issued on 11 November 2024.</p> <p>All management actions have been completed.</p>	Low
Review of Low-Value Procurement (\$10k - \$50k)	<p>Issued 03 December 2024</p> <p>Objective: Assess and report on the control environment pertaining to procurement processes for expenditures falling within the range of \$10k - \$50k).</p> <p>Report issued on 03 December 2024.</p> <p>All management actions have been completed.</p>	Satisfactory

Meeting 4 – March 2025

Review Name	Objectives and Outcomes	Overall Rating
Compliance Management Framework Review	<p>Objective: Review the compliance management of legislative and regulatory requirements and relevant internal directives, policies and procedures of the City.</p> <p>Report issued on 17 February 2025.</p> <p>All management actions have been completed.</p>	Low
Fire Regulatory Processes (Combustible Cladding)	<p>Objective: Review the efficiency and effectiveness of the Combustible Cladding Safety Framework, in compliance with the relevant laws, regulations, and industry standards.</p> <p>Report issued on 26 February 2025.</p> <p>All management actions have been completed.</p>	Low

Meeting 5 – May 2025

Review Name	Objectives and Outcomes	Overall Rating
Recruitment Process and HRMS Recruitment Module Review	<p>Objective: Assess the effectiveness and efficiency of the City's recruitment process and the HRMS Recruitment module's configuration and usage, specifically general application controls in relation to input, processing, and output.</p> <p>Report issued on 12 May 2025.</p> <p>There were three low-rated management actions arising from this review. One has been completed, one is not yet due, and one is slightly overdue at 20% completion.</p>	Low

Monitoring internal audit recommendations

There are processes in place to monitor management actions arising from audit recommendations and ensure they receive attention. The processes include:

- ensuring each executive 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 overdue management action items to monitor implementation and providing follow-ups at each Committee meeting.

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

Management of internal audit actions/recommendations

The Internal Audit unit actively monitors the status of outstanding action items to ensure timely closure of relevant items. There are no overdue high-rated management actions. There were three medium-rated management actions overdue, and two low-rated management action overdue as at 30 June 2025.

The table below summarises the 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
30/06/2022	19	15	16	18	0
30/06/2023	18	21	33	6	0
30/06/2024	6	28	26	8	0
30/06/2025	8	33	32	8	5 ³

² Actions not completed by the agreed date.

³ 3 medium-rated, 2 low-rated.

Forward Audit Plan, 2025/26

The updated four-year Strategic Internal Audit Program, incorporating the annual operational audit plan, was endorsed by the Executive and approved by the Audit Risk and Compliance Committee on 22 May 2025.

The approved plan for 2025/26 comprises a risk-based program of 15 reviews mapped to the City's Executive Risks, as well as Improvement Focus Areas. In addition to the reviews, the plan includes an assurance mapping project, the Internal Audit unit's improvement project, and the annual confirmation to ARCC of the independence of internal audit activities from the City (as required by the Internal Audit Charter).

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.

Quality Assurance Review

An independent quality assurance review was performed by the Institute of Internal Auditors (IIA) during the financial year. The findings of this review was that overall Internal Audit achieved a high level of conformance with all the requirements of the professional standards, other than the requirement that the City have previously been subject to a review (this being the first time the City's Internal Audit had been assessed). The reviewer recommended some additional enhancements to Internal Audit for continuous improvement, which have been incorporated into the Internal Audit operational plan for 2025/26 and progress status to be reported at each meeting of the ARIC.

The City's Internal Audit unit is now certified as being in conformance with the IIA's professional standards. While the certification will remain in effect until 2029, it will be renewed in approximately 2028 (end of term for the council).

The final results of the review also included opportunities for continuous improvement in the functioning of the ARCC. These were discussed at an ARCC workshop held in November 2024.

Annual assessment – Internal Audit unit

Per the Guidelines for Risk Management and Internal Audit for Local Government in NSW, the Committee reviews the performance of the Internal Audit unit each year and reports its findings to the Council as part of the Committee's annual assessment.

This annual assessment ensures that any concerns regarding the operation of the internal audit function and compliance with the International Professional Practices Framework can be dealt with before they are identified in the four-yearly strategic review. An annual assessment also encourages continuous improvement of internal audit activities.

This self-assessment is a complementary critique performed in the years between formal independent assessments, to ensure all improvement opportunities are properly progressing and no performance gaps occur.

External Audit

The City's external auditor is the Audit Office of New South Wales.

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 City's Chief Internal Auditor periodically met with representatives of the external auditor to provide insights on the control environment and to minimise overlap of audit areas of focus.

The external auditor was invited to attend each ARCC meeting and joined Committee members on site visits as appropriate.

During the 2024/25 financial year, the ARCC:

- considered the program and status reports covering the preparation of the previous financial year (2023/24)
- received and noted the external auditor's letter covering the final audit for 2023/24
- considered and endorsed the 2022/23 General and Special Purpose Financial Reports prior to Council's authorisation
- reviewed Directors' attestations
- reviewed the external audit plan for 2024/25.
- met with the CEO and Executive Director Finance and Procurement.

Risk management, compliance and governance

For the 2024/25 reporting period the ARCC received presentations and updates on the topics listed below from the Executive Director Legal & Governance and the Manager Risk and Governance:

- Review of delegations
- Data breaches
- Governance and compliance training - code of conduct, privacy, chain of responsibility, modern slavery
- A suite of updated governance risk and compliance policies
- A new approach to compliance obligations management
- Instances of non-compliance
- Implementation of legislation and regulatory changes
- Review of child safety risks
- Implementation of modern slavery requirements
- Chain of responsibility improvements
- Regular updates on Executive level risks
- The City's risk appetite statement
- Risk management KPIs
- A review of the City's risk management matrix

- Annual risk management self-assessment
- 3-year risk management plan
- The City's insurance strategy and program
- Third party claims
- Implementation of the OLG Risk Management requirements
- Privacy Management Plan review
- New governance and compliance registers

Fraud and corruption prevention

For the 2024/25 reporting period the ARCC received updates on the topics listed below from the Manager Risk and Governance:

- Review of the Fraud and Corruption Control Plan
- Bi-annual corporate fraud and corruption risk assessment
- Implementation of the annual fraud and corruption action plan
- Staff training aimed at fraud and corruption prevention
- Internal investigations
- Business unit fraud and corruption control plans
- Complaints and allegations overview

Four public interest disclosures were received during this period. The first matter related to alleged time theft and failure to appropriately manage conflicts of interest and was found to be unsubstantiated. The second matter related to alleged misuse of resources and theft and was found to be partially substantiated. The third matter related to alleged failure to appropriately disclose and manage a conflict of interest and this matter was managed, following a risk assessment, through targeted workshops and other training and awareness initiatives. The fourth matter related to alleged corruption within the hiring process, financial misconduct and other inappropriate conduct and was found to be unsubstantiated.

Legal

For the 2024/25 reporting period the Committee received updates on the topics listed below from the Executive Director Legal & Governance:

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

Workplace health and safety

On a quarterly basis, the Committee reviews reports from the Executive Director People, Performance and Technology and the Executive Manager Safety & Wellbeing on workplace health and safety, including injuries, notifiable incidents, and workers compensation claims.

Conflicts of Interest Reporting

As required by the Audit Risk and Compliance Committee's Terms of Reference, declarations made by the ARCC independent members are listed below.

Carolyn Walsh – Independent Chair (terms ended 30 June 2025)

National Transport Commission	Chair
Environmental Protection Agency (EPA)	Board
NSW Asbestos Coordination Committee	Independent Chair
Non-Government Schools Not-For-Profit Committee	Chair
Transport Asset Manager Advisory Committee	Chair

Elizabeth Crouch AM – Independent Member (term ended 30 June 2025)

Customer-Owned Banking Association	Board of Directors: Independent Chair
NSW Institute of Sport (NSWIS)	Deputy Chair
Sydney Children's Hospital Network	Board of Directors: Chair
Hearing Australia	Board of Directors: Chair
NSW State Emergency Services (SES)	Audit and Risk Committee: Chair
Department of Creative Industries, Tourism, Hospitality and Sport	Audit and Risk Committee: Chair
Ochre Health	Board of Directors: Independent Chair
Hunter Water Corporation	Board of Directors: Independent Member
University of Newcastle	Council Member

Stephen Horne – Independent Member (term began 01 January 2024)
Independent Chair (term starts 01 July 2025)
(term ends 31 December 2028)

Australian Energy Management Commission (Commonwealth)	Audit and Risk Committee: Independent Member
Wingecarribee Shire Council	ARIC: Independent Chair
National Health Funding Body (Commonwealth)	Audit and Risk Committee: Independent Chair
NSW Trustee & Guardian	Audit and Risk Committee: Independent Chair
Parkes Shire Council	ARIC: Independent Chair
Northern Beaches Council	ARIC: Independent Chair
Western NSW LHD	Audit and Risk Committee: Independent Chair
Central Coast LHD	Audit and Risk Committee: Chair

Rosemary Milkins – Independent Member
(term ends 30 November 2028)

Health Education & Training Institute	Audit and Risk Committee: Member
Mid-North Coast LHD (NSW Government)	Audit and Risk Committee: Chair
Health Professional Councils Authority	Audit and Risk Committee: Member
NSW Department of Customer Service	Audit and Risk Committee: Member
Nepean Blue Mountains LHD	Audit and Risk Committee: Member
Red Piranha Ltd	Board of Directors: Chair
40 Learnings Consultant & Advisory Services	Director/Sole Proprietor
The Eryldene Foundation (Charity)	Non-Executive Director
Emergency Leaders for Climate Action	Member
Western Sydney LHD	Audit and Risk Committee: Member

2024/25 ARCC Annual Assessment Report to Council

Robert Lagaida

(term ends 30 November 2028)

Responsible Gambling (NSW Office of Responsible Gambling)	Trustee
NSW Local Government Procurement	Board Member
LiveBetter	Board Member
Bureau of Health Information	Board Member
Multicultural NSW	Audit and Risk Committee: Chair
Health Education and Training Institute	Audit and Risk Committee: Chair
Nepean Blue Mountains LHD	Audit and Risk Committee: Chair
Orange City Council	ARIC: Chair
Central Coast LHD	Audit and Risk Committee: Member
Blacktown City Council	ARIC: Chair
Liverpool City Council	ARIC: Member
City of Newcastle Council	ARIC: Member
North Beaches Council	ARIC: Member
Bayside Council	ARIC: Member
Wollongong City Council	ARIC: Member
Tamworth Regional Council	ARIC: Chair

Other

The Chief Internal Auditor has confirmed to the Audit Risk and Compliance Committee and the Chief Executive Office the independence of internal audit activities from the City as required by the ARCC-endorsed Internal Audit Charter.

The Committee assesses the currency of the Internal Audit Charter and evaluates the performance of the Internal Audit unit.

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

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.

STEPHEN HORNE

Chair, Audit Risk and Compliance Committee

October 2025

Item 4.

Presentation of the 2024/25 Financial Statements and Audit Reports to Council

File No: X112648

Summary

This report presents the City's 2024/25 Financial Statements to Council and seeks authorisation to issue the public notice of the intention to present the audited statements to the public at the Council meeting of 17 November 2025.

The City of Sydney's Income Statement for the year ended 30 June 2025 reports a Net Operating Result for the year of \$133.5M, in accordance with relevant accounting standards and reporting requirements, against a budget of \$115.4M.

The favourable result against budget shown in the financial statements is mainly due to higher than anticipated non-cash capital contributions, additional interest income, and an increased valuation of investment properties. An analysis of the City of Sydney's operating revenues and expenditures variances against the budget was set out in detail in the Q4 report to Council in August 2025.

In completing the 2024/25 Financial Statements, a number of final adjustments were made to the results reported to Council within the 2024/25 Quarter 4 Review of the Delivery Program. These adjustments are summarised in the attached background information.

The Statement of Financial Position reports Net Assets of \$16.5B, an increase of \$1.5B over the year, reflecting a revaluation of the book value of a number of infrastructure and land asset classes. The Office of Local Government requires councils to value non-current assets at fair value, on a staged approach over different years, and to continue this cycle on a rolling basis.

The City of Sydney remains in a stable financial position. The City remains well placed to fund its operations and programs on an ongoing basis, with sufficient financial resources to support the \$2.2B capital works program identified within the City's 2025/26 to 2034/35 Long Term Financial Plan.

The City's General Purpose Financial Statements (GPFS) are required to reflect the Office of Local Government (OLG) Code of Accounting Practice and Financial Reporting ("the Code"). From the 2024/25 financial year the Code no longer mandates disclosure of financial performance ratios within the Statement of Performance Measurement.

However, these indicators, updated for 2024/25, have been included at the end of the GPFS as an unaudited additional disclosure. It is the City's view that these indicators assist in understanding the financial position of the Council. The City supports the ongoing effort to assess and report upon every council's financial and asset management sustainability and will continue to work with the Office of Local Government to refine definitions and appropriate benchmarks set for financial indicators.

The City is also seeking to work with the Office of Local Government to develop approaches to fixed asset valuation that meet Australian Accounting Standards and are applied with consistency and certainty across the local government sector. Valuation adjustments, which are notional book entries and non-cash in nature, can have a very significant impact on the financial position of a Council.

The City's auditor, the Audit Office of NSW, have reviewed the Financial Statements and have issued an unmodified Audit Opinion, as detailed in the (draft) audit reports attached to this report.

Recommendation

It is resolved that Council:

- (A) receive the Financial Statements for City of Sydney for the year ended 30 June 2025, as shown at Attachment A to the subject report;
- (B) authorise Clover Moore AO - Lord Mayor of Sydney, Councillor Robert Kok (member - Audit, Risk and Compliance Committee), the Chief Executive Officer, and the Executive Director Finance and Procurement to sign the General Purpose Financial Statements;
- (C) authorise Clover Moore AO - Lord Mayor of Sydney, Councillor Robert Kok (member - Audit, Risk and Compliance Committee), the Chief Executive Officer, and the Executive Director Finance and Procurement to sign the Special Purpose Financial Statements;
- (D) receive the auditor's reports on the 2024/25 Annual Financial Statements as shown at Attachment B to the subject report; and
- (E) authorise that notice be given, through Sydney Your Say, of public presentation of the audited 2024/25 Financial Statements for the City of Sydney at the Council meeting on 17 November 2025.

Attachments

Attachment A. Draft 2024/25 Financial Statements

Attachment B. Draft Independent Auditor's Report and Report on the Conduct of the Audit

Background

1. 2024/25 Financial Statements have been prepared for the City of Sydney in accordance with applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the Local Government Act 1993 and Regulations and the Local Government Code of Accounting Practice and Financial Reporting April 2025 (the Code).
2. The Annual Financial Statements comprise the:
 - (a) General Purpose Financial Statements
 - (i) Income Statement
 - (ii) Statement of Comprehensive Income
 - (iii) Statement of Financial Position
 - (iv) Statement of Changes in Equity
 - (v) Statement of Cash Flows
 - (b) Special Purpose Financial Statements
 - (i) Income Statement of Business Activities
 - (ii) Statement of Financial Position of Business Activities
 - (c) Special Schedules
 - (i) Special Schedule – Permissible Income for General Rates
 - (ii) Special Schedule – Report on Infrastructure Assets as at 30 June 2025 (note that this schedule is not subject to audit).
3. Notes to the accounts provide supporting information, and these, together with the above Financial Statements, fulfil all related statutory financial reporting requirements and are included within the City's Annual Report.
4. The Office of Local Government requires councils to value non-current assets at fair value on a staged approach of valuing different asset classes in different years, and to continue the cycle on a rolling basis.
5. As a result, the valuation process comprises comprehensive revaluations of each asset class on a maximum five-year cycle basis. The City has the option to undertake valuations more frequently, if required.
6. For the 2024/25 financial year, comprehensive revaluations were brought forward for buildings assets (both specialised and non-specialised classes) and land assets (operational land, community land and Crown/third-party land). These valuations, due to be carried out in the 2025/26 financial year, were brought forward to avoid undertaking them in the same year as open space and recreational assets. This approach has been designed to avoid the significant administrative burden of valuing large asset classes in the same year.

7. Comprehensive valuations were also undertaken for poles, lights and signs. For these assets a comprehensive valuation was due as per the 5-year cycle, having been last undertaken at June 2020.
8. For the 2024/25 financial year, an interim (index-based) revaluation was undertaken for infrastructure assets (roads, bridges, footways, kerb and gutter, and stormwater drainage), open space assets and other structures - trees due to material movements in identified cost indices.
9. In addition, again for the 2024/25 financial year, the City engaged an external valuer to re-assess the value of investment property assets. The valuation resulted in an increase in investment properties value for the financial year.
10. A detailed explanation of the valuation methodologies for the asset classes mentioned above is set out in note E2-1 of the General Purpose Financial Statements.
11. The draft Financial Statements were reviewed by the Audit Risk and Compliance Committee on 2 October 2025 for endorsement to Council for authorisation.
12. The 2024/25 financial statements no longer incorporate mandatory disclosures of financial performance ratios within the Statement of Performance Measurement. However, these indicators, updated for 2024/25, have been included at the end of the GPFS as an unaudited additional disclosure. It is the City's view that these indicators assist in understanding the financial position of the Council. The Report on Infrastructure Assets, also unaudited, includes asset related financial performance ratios.
13. While the City supports the ongoing measurement and monitoring of a range of relevant performance indicators, to assess and report each council's financial and asset management sustainability, there remain a number of reservations about the current definition and mandatory benchmarks for a number of these indicators. The City's management and financial staff have provided submissions on these concerns, as have other local government professionals and auditors, and we will continue to work with the Office of Local Government to refine the current suite of indicators.
14. The Audit Office of NSW, following their audit of the 2024/25 financial statements, have issued an unmodified Audit opinion.

Key Implications

Financial Implications

15. The Financial Statements reflect a Net Operating Result for the year of \$133.5M, in accordance with relevant accounting standards and reporting requirements, against a budget of \$115.4M and a Net Operating Result excluding Capital Grants and Contributions of \$22.1M versus a budget of \$20.4M.
16. The favourable result against budget shown in the financial statements is mainly due to higher than anticipated capital contributions, additional interest income, and an increased valuation of investment properties.

17. The Quarter 4 Report to Council in August 2024 reflected a Net Operating Result of \$137.9M. There is a difference of \$4.4M between the Q4 Net Operating Result and the 2024/25 Financial Statements' Net Operating Result.
18. Adjustments made after the Q4 Report largely relate to the finalisation of accounting for completed capital projects, asset disposals associated with capital renewal works and depreciation adjustments arising from year end asset accounting finalisation, and can be summarised as follows:

	Fav/(Unfav) \$M
Finalise expensing of complete capital works	(2.7)
Finalise Depreciation (based on finalised capitalisation of new assets)	(0.3)
Recognise Loss on Sale of Assets	(1.7)
Year end accruals - updates and adjustments	0.4

19. The significant variances to budget were detailed within the Q4 Report, as presented to Council on 18 August 2025.
20. The City of Sydney remains in a strong, stable financial position. It is well placed to fund its operations and programs on an ongoing basis, with sufficient financial resources to support the \$2.2B capital works program identified within the City's 2025/26 to 2034/35 Long Term Financial Plan.

Risks

21. This approach is within the City's risk appetite, which states:
- (a) The City has a responsibility to ensure that it has sufficient resources in the short, medium and long term to provide the levels of service that are both affordable and considered appropriate by the community.
 - (b) We maintain a cautious appetite to financial risks, aiming to minimise the likelihood and impact of significant financial losses. We prioritise the protection of our financial resources and our long-term financial sustainability. We strive to ensure that our financial decisions are well informed, based on sound financial analysis and are aligned with our strategic objectives.
 - (c) We assess our capacity to absorb financial losses and maintain sufficient financial resources to mitigate the impact of most unexpected events.
 - (d) We have minimal appetite for operating deficits as our positive operating results are the primary source of funds to renew our assets and our capital works program.

Relevant Legislation

22. The Local Government Act 1993 requires Council's annual financial statements to be prepared and audited within four months after the end of the year concerned (section 416(1)).
23. Section 416(2) of the Local Government Act 1993 allows council to apply to the Departmental Chief Executive for an extension of that period.
24. The Local Government Act 1993 further requires that, as soon as practicable after a Council receives a copy of the auditor's reports:
 - (a) it must fix a date for the meeting at which it proposes to present its audited financial statements, together with the auditor's reports, to the public; and it must give public notice of the date so fixed (section 419(1)).
 - (b) it must give public notice of the date so fixed (section 419(1)).

Critical Dates / Time Frames

25. The 2024/25 Financial Statements must be prepared, audited and submitted to the Office of Local Government by 31 October 2025.
26. A public notice must be placed to advise that the 2024/25 Financial Statements and the Auditor's Report will be presented to the public at the Council meeting of 17 November 2025. The Financial Statements will be included in the Annual Report which will be lodged with the Office of Local Government by 30 November 2025.

Public Consultation

27. Following endorsement of the City's 2024/25 Financial Statements by Council, a notice will be issued via the Sydney Your Say website, for the presentation of the audited statements to the public at the Council meeting of 17 November 2025.

JEAN-MICHEL CARRIERE

Executive Director Finance and Procurement

Attachment A

Draft 2024/25 Financial Statements

General Purpose Financial Statements



Annual Report
2024/25

DRAFT

The Council of the City of Sydney acknowledges the Gadigal of the Eora Nation as the Traditional Custodians of our local area. We acknowledge Elders past and present and celebrate the diversity of Aboriginal and Torres Strait Islander peoples and their ongoing cultures and connections to Country.

General Purpose Financial Statements cover image: James Watkinson Reserve Playground, Pyrmont – Photo by Will Jones / City of Sydney

Special Purpose Financial Statements cover image: Aerial shot of Walsh Bay, Sydney harbour bridge and Opera House, Sydney – Photo by Lucinda Varney Airview Group / City of Sydney)

Special Schedules cover image: Pyrmont community centre – Photo by Clinton Weaver / City of Sydney

Council of the City of Sydney

General Purpose Financial Statements

for the year ended 30 June 2025

Contents	Page
Understanding Council's Financial Statements	4
Statement by Councillors and Management	5
Primary Financial Statements:	
Income Statement	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Independent Auditor's Reports:	
On the Financial Statements (Sect 417 [2])	74

Overview

City of Sydney is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

456 Kent Street
Sydney NSW 2000

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: www.cityofsydney.nsw.gov.au.

Council of the City of Sydney

General Purpose Financial Statements

for the year ended 30 June 2025

Understanding Council's Financial Statements

Introduction

Each year NSW local governments are required to present audited financial statements to their council and community.

What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2025.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

Council of the City of Sydney

General Purpose Financial Statements

for the year ended 30 June 2025

Statement by Councillors and Management made pursuant to Section 413 (2c) of the *Local Government Act 1993*

The attached general purpose financial statements have been prepared in accordance with:

- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards issued by the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these statements:

- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 27 October 2025.

Clover Moore AO
Lord Mayor
27 October 2025

Councillor Robert Kok
Councillor
27 October 2025

Monica Barone
Chief Executive Officer
27 October 2025

Jean-Michel Carriere
Responsible Accounting Officer
27 October 2025

Council of the City of Sydney

Income Statement

for the year ended 30 June 2025

Original unaudited budget 2025	\$ '000		Actual 2025	Actual 2024
		Notes		
	Income from continuing operations			
419,230	Rates and annual charges	B2-1	420,955	397,592
149,206	User charges and fees	B2-2	162,346	163,152
42,362	Other revenue	B2-3	50,103	41,915
17,477	Grants and contributions provided for operating purposes	B2-4	15,652	16,508
95,048	Grants and contributions provided for capital purposes	B2-4	111,331	117,839
34,285	Interest and investment income	B2-5	39,676	39,591
88,075	Other income	B2-6	109,685	100,738
—	Net gain from the disposal of assets	B4-1	—	17,242
845,683	Total income from continuing operations		909,748	894,577
	Expenses from continuing operations			
289,337	Employee benefits and on-costs	B3-1	306,623	276,897
244,959	Materials and services	B3-2	286,173	299,048
—	Borrowing costs	B3-3	211	216
69,197	Other expenses	B3-5	46,497	46,557
—	Net loss from the disposal of assets	B4-1	6,568	—
	Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		646,072	622,718
603,493	Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		263,676	271,859
242,190	Depreciation, amortisation and impairment of non-financial assets	B3-4	130,214	123,938
115,401	Operating result from continuing operations		133,462	147,921
115,401	Net operating result for the year attributable to Council		133,462	147,921
	Net operating result for the year before grants and contributions provided for capital purposes		22,131	30,082
20,353				

The above Income Statement should be read in conjunction with the accompanying notes.

Council of the City of Sydney

Statement of Comprehensive Income

for the year ended 30 June 2025

\$ '000	Notes	2025	2024
Net operating result for the year – from Income Statement		133,462	147,921
Other comprehensive income:			
Amounts which will not be reclassified subsequent to operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	1,116,252	369,891
Movement in Trust Assets reserve - Crown land revaluation	C1-8	201,866	160,390
Total items which will not be reclassified subsequent to operating result		1,318,118	530,281
Total comprehensive income for the year attributable to Council		1,451,580	678,202

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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Council of the City of Sydney

Statement of Financial Position

as at 30 June 2025

\$ '000	Notes	2025	2024
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	59,230	65,735
Investments	C1-2	520,800	529,500
Receivables	C1-4	42,535	54,785
Inventories	C1-5	417	388
Contract assets	C1-6	17,560	16,736
Other	C1-11	11,626	10,942
Non-current assets classified as 'held for sale'	C1-7	200,597	192,817
Total current assets		852,765	870,903
Non-current assets			
Investments	C1-2	184,950	171,100
Receivables	C1-4	54,127	23,646
Infrastructure, property, plant and equipment (IPPE)	C1-8	15,219,212	13,729,876
Investment property	C1-9	551,793	530,878
Intangible assets	C1-10	34,715	41,431
Right of use assets	C2-1	9,652	10,005
Other	C1-11	56	70
Total non-current assets		16,054,505	14,507,006
Total assets		16,907,270	15,377,909
LIABILITIES			
Current liabilities			
Payables	C3-1	195,685	118,506
Contract liabilities	C3-2	46,669	37,295
Lease liabilities	C2-1	341	320
Employee benefit provisions	C3-4	76,129	70,867
Provisions	C3-5	13,019	16,291
Total current liabilities		331,843	243,279
Non-current liabilities			
Contract liabilities	C3-2	54,132	66,734
Lease liabilities	C2-1	10,426	10,752
Employee benefit provisions	C3-4	2,388	2,063
Provisions	C3-5	22,283	20,464
Total non-current liabilities		89,229	100,013
Total liabilities		421,072	343,292
Net assets		16,486,198	15,034,617
EQUITY			
Accumulated surplus		4,724,346	4,590,884
IPPE revaluation surplus	C4-1	7,910,400	6,794,148
Trust Assets Reserve	C4-1	3,851,452	3,649,586
Total equity		16,486,198	15,034,618

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Council of the City of Sydney

Statement of Changes in Equity

for the year ended 30 June 2025

\$ '000	Notes	2025				2024			
		Accumulated surplus	IPPE revaluation surplus	Trust assets reserve	Total equity	Accumulated surplus	IPPE revaluation surplus	Trust assets reserve	Total equity
Opening balance at 1 July		4,590,884	6,794,148	3,649,586	15,034,618	4,442,963	6,424,257	3,489,196	14,356,416
Opening balance		4,590,884	6,794,148	3,649,586	15,034,618	4,442,963	6,424,257	3,489,196	14,356,416
Net operating result for the year		133,462	–	–	133,462	147,921	–	–	147,921
Net operating result for the year		133,462	–	–	133,462	147,921	–	–	147,921
Other comprehensive income									
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	1,116,252	201,866	1,318,118	–	369,891	160,390	530,281
Other comprehensive income		–	1,116,252	201,866	1,318,118	–	369,891	160,390	530,281
Total comprehensive income		133,462	1,116,252	201,866	1,451,580	147,921	369,891	160,390	678,202
Transfers between equity items		–	–	–	–	–	–	–	–
Closing balance at 30 June		4,724,346	7,910,400	3,851,452	16,486,198	4,590,884	6,794,148	3,649,586	15,034,618

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Council of the City of Sydney

Statement of Cash Flows

for the year ended 30 June 2025

<i>Original unaudited budget 2025</i>	<i>\$ '000</i>	<i>Notes</i>	<i>Actual 2025</i>	<i>Actual 2024</i>
Cash flows from operating activities				
Receipts:				
419,909	Rates and annual charges		420,927	396,857
147,755	User charges and fees		175,413	174,018
34,285	Interest received		41,105	35,916
106,674	Grants and contributions		135,237	102,760
–	Bonds, deposits and retentions received		8,409	13,603
126,552	Other receipts from Operating Activities		187,176	161,588
Payments:				
(283,439)	Payments to employees		(293,292)	(271,893)
(225,949)	Payments for materials and services		(362,954)	(339,586)
–	Borrowing costs		(211)	(216)
–	Bonds, deposits and retentions refunded		(10,708)	(8,929)
(67,745)	Other payments for Operating Activities		(39,469)	(49,770)
258,042	Net cash provided by operating activities	G1-1(a)	261,633	214,348
Cash flows from investing activities				
Receipts:				
19,500	Sale/Redemption of investment securities - Floating Rate Notes		19,500	23,700
510,000	Redemption of term deposits		510,000	510,000
–	Sale of investment property		2,897	–
166,896	Sale of infrastructure, property, plant and equipment and non-current assets held for sale		3,723	18,566
2,607	Sale of intangible assets		–	–
Payments:				
–	Purchase of investments - Floating Rate Notes		(40,650)	(39,750)
(484,636)	Acquisition of term deposits		(494,000)	(525,000)
(103,909)	Payments for investment property - acquisition and works		(1,487)	(11,448)
(348,709)	Payments for IPPE		(254,675)	(177,528)
(24,000)	Purchase of intangible assets		(13,127)	(7,731)
(262,251)	Net cash flows from investing activities		(267,819)	(209,191)
Cash flows from financing activities				
Payments:				
–	Principal component of lease payments		(319)	(293)
–	Net cash flows from financing activities		(319)	(293)
(4,209)	Net change in cash and cash equivalents		(6,505)	4,864
64,099	Cash and cash equivalents at beginning of year		65,735	60,871
59,890	Cash and cash equivalents at end of year	C1-1	59,230	65,735
638,295	plus: Investments on hand at end of year	C1-2	705,750	700,600
698,185	Total cash, cash equivalents and investments		764,980	766,335

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

A About Council and these financial statements	13
A1-1 Basis of preparation	13
B Financial Performance	16
B1 Functions or activities	16
B1-1 Income, expenses and assets – by function/activity	16
B1-2 Components of functions or activities	17
B2 Sources of income	18
B2-1 Rates and annual charges	18
B2-2 User charges and fees	18
B2-3 Other revenue	19
B2-4 Grants and contributions	20
B2-5 Interest and investment income	23
B2-6 Other income	23
B3 Costs of providing services	24
B3-1 Employee benefits and on-costs	24
B3-2 Materials and services	24
B3-3 Borrowing costs	25
B3-4 Depreciation, amortisation and impairment of non-financial assets	25
B3-5 Other expenses	26
B4 Gains or losses	27
B4-1 Gain or loss from the disposal, replacement and de-recognition of assets	27
B5 Performance against budget	27
B5-1 Material budget variations	27
C Financial position	29
C1 Assets we manage	29
C1-1 Cash and cash equivalents	29
C1-2 Financial investments	29
C1-3 Restricted and allocated cash, cash equivalents and investments	30
C1-4 Receivables	32
C1-5 Inventories	34
C1-6 Contract assets	34
C1-7 Non-current assets classified as held for sale	35
C1-8 Infrastructure, property, plant and equipment	36
C1-9 Investment properties	39
C1-10 Intangible assets	39
C1-11 Other	40
C2 Leasing activities	41
C2-1 Council as a lessee	41
C2-2 Council as a lessor	43
C3 Liabilities of Council	44
C3-1 Payables	44
C3-2 Contract Liabilities	45
C3-3 Borrowings	46

Council of the City of Sydney

Contents for the notes to the Financial Statements for the year ended 30 June 2025

C3-4 Employee benefit provisions	47
C3-5 Provisions	47
C4 Reserves	51
C4-1 Nature and purpose of reserves	51
D Council structure	51
D1 Financial result and financial position by fund	51
D2 Interests in other entities	52
D3 Discontinued operations	52
E Risks and accounting uncertainties	52
E1-1 Risks relating to financial instruments held	52
E2-1 Fair value measurement	55
E3-1 Contingencies	60
F People and relationships	61
F1 Related party disclosures	61
F1-1 Key management personnel (KMP)	61
F1-2 Councillor and Mayoral fees and associated expenses	62
F2 Other relationships	62
F2-1 Audit fees	62
G Other matters	63
G1-1 Statement of Cash Flows information	63
G2-1 Commitments	63
G3-1 Events occurring after the reporting date	64
G4 Changes from prior year statements	64
G4-1 Changes in accounting policy	64
G4-2 Correction of errors	64
G4-3 Changes in accounting estimates	64
G5 Statement of developer contributions	65
Additional Council disclosures (unaudited)	
Statement of performance measures	69
Statement of performance measures – consolidated results	69
Statement of performance measures – consolidated results (graphs)	71

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 27 October 2025. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The material accounting policy information related to these financial statements are set out below. Accounting policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)*, and *Local Government (General) Regulation 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain infrastructure, property, plant and equipment and investment property.

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of investment properties – refer Note C1-9
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-8
- (iii) estimated fair values of non-current assets classified as held for sale - refer Note C1-7
- (iv) employee benefit provisions – refer Note C3-4
- (v) estimated former depot remediation provisions – refer Note C3-5
- (vi) estimated rental waivers provision – refer Note C3-5
- (vii) estimated workers compensation self insurance provision – refer Note C3-5.

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables – refer Note C1-4 and E1-1.
- (ii) Determination of whether performance obligations are sufficiently specific and accordingly whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and/or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- (iii) Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

A1-1 Basis of preparation (continued)

The Consolidated Fund consists of cash and other assets associated with general purpose operations only.

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these reports.

The following Trust monies and properties are held by Council but not considered to be under the control of Council and therefore are excluded from these financial statements:

- Sale of Land for Unpaid Rates (residual amounts after outstanding sums recovered)
- Bequests – Trust
- QVB Replacement Fund
- Sydney Metropolitan Mayors Association

A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge.

Volunteer services

Council utilises volunteers in the provision of some services. Whilst the contributions of volunteers are a valued aspect of certain services provided to the community, the financial value of these contributions is not considered material, and furthermore, would not be otherwise purchased. Accordingly, volunteer services are not recognised in these financial statements.

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2025 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2025.

Council's assessment of these new standards and interpretations expected to have an impact on the Council's future financial performance and financial position is set out below:

AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments [AASB 7 and AASB 9]

This Standard amends AASB 7 and AASB 9 in response to feedback from the 2022 Post-implementation Review of the classification and measurement requirements in AASB 9 and related requirements in AASB 7 and the subsequent 2023 Exposure Draft.

This Standard amends requirements related to:

- (a) settling financial liabilities using an electronic payment system; and
- (b) assessing contractual cash flow characteristics of financial assets with environmental, social and corporate governance (ESG) and similar features.

This Standard also amends disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and adds disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs.

The Council's financial assets consist mainly of term deposits and floating rate notes (FRNs), both considered financial instruments. Given their straightforward nature and the Council's investment policies, these amendments are unlikely to materially affect their classification or measurement.

This Standard is effective for annual reporting periods beginning on or after 1 January 2026, and accordingly will first apply to the Council's financial statements for the year ending 30 June 2027.

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

A1-1 Basis of preparation (continued)

New accounting standards adopted during the year

During the year Council adopted all accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective from the first time at 30 June 2025.

The following new standard is effective for the first time at 30 June 2025:

- **AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.**

The adoption of this standard do not have a material impact on the Council's financial statements for the year ended 30 June 2025.

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Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

B Financial Performance

B1 Functions or activities

B1-1 Income, expenses and assets - by function/activity

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

\$ '000	Income		Expenses		Operating result		Grants and contributions ¹		Carrying amount of assets	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Functions or activities										
Responsible governance and stewardship	193,108	194,312	273,070	266,389	(79,962)	(72,077)	2,024	2,184	6,147,027	5,614,380
A leading environmental performer	4,203	3,623	110,016	108,064	(105,813)	(104,441)	3,059	2,369	404,582	394,830
Public places for all	123,170	123,682	170,745	161,978	(47,575)	(38,296)	59,476	60,091	10,011,528	9,002,511
Design excellence and sustainable development	20,816	23,958	50,708	49,211	(29,892)	(25,253)	15,568	12,168	180,720	204,989
A city for walking, cycling and public transport	95,875	100,961	15,497	15,423	80,378	85,538	23,809	35,946	82,893	82,512
An equitable and inclusive city	15,393	13,945	49,525	43,863	(34,132)	(29,918)	13,195	11,979	2,079	2,214
Resilient and diverse communities	58,420	58,197	57,175	56,452	1,245	1,745	2,273	2,429	5,336	3,135
A thriving cultural and creative life	5,421	1,559	14,912	12,662	(9,491)	(11,103)	2,415	697	70,769	71,303
A transformed and innovative economy	97	142	31,864	30,163	(31,767)	(30,021)	—	—	2,336	2,035
Housing for all	—	—	2,774	2,451	(2,774)	(2,451)	—	—	—	—
General purpose income ²	393,245	374,197	—	—	393,245	374,197	5,164	6,484	—	—
Total functions and activities	909,748	894,576	776,286	746,656	133,462	147,920	126,983	134,347	16,907,270	15,377,909

(1) Grants & Contributions are also included within Income totals shown above

(2) Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 are as follows:

Council's principal activities align with the Strategic Directions contained within the Community Strategic Plan: *Sustainable Sydney 2030-2050 Continuing the Vision*. The descriptions below reflect the Strategic Directions broadly, and provide a summary of Council's operations and activities that contribute to the achievement of each.

Responsible governance and stewardship

Our organisation continues to evolve to provide governance and leadership for the city and communities. The process includes aligning corporate planning and organisational structure through effective governance procedures in support of all of Council's functions. Activities include: Customer Service, Governance, Risk Management, Media and Communications, Councillor Support and corporate services such as People and Culture, Finance, Information Services and Legal Services.

A leading environmental performer

Our communities live in a city that is regenerative and makes a positive contribution to the planet, to society and to individual lives. We are innovative leaders in climate change adaptation and innovation. The city is part of a decarbonised world. Activities include sustainability programs, cleansing, waste and recycling services, stormwater management and tree management.

Public places for all

The city has more places for people who live, work, invest and visit here. The history of the city and connections to Aboriginal and Torres Strait Islander peoples is evident in our public places. The city centre is an inviting and lively place, clean and safe, day and night, and with creativity and public art at its heart. Our local main streets are thriving hubs with their own distinctive characters. Activities include Parks management, Aquatic and Leisure Centres, sporting venues and facilities, and Public Domain Infrastructure.

Design excellence and sustainable development

The city will continue to grow sustainably and with good design. Communities are inclusive, socially connected, healthy, and live in walkable well-serviced neighbourhoods, supported by public transport. We take the impact of our changing climate into account in the policies that influence development in the city. Activities include City Design, Strategic Planning, Health and Building Services and Project Design and Construction.

A city for walking, cycling and public transport

The city is greener and calmer, with more space for people on the streets – including footpaths and cycleways. More people choose to walk, ride and use public transport. All vehicles in the city are zero emissions. Activities include Parking Management and Transport and Access Strategy.

An equitable and inclusive city

Everyone feels welcome and can afford to live here if they choose. Everyone can participate, prosper, and reach their full potential in a city that is fair and just. Activities include Grants and Sponsorships programs, Childcare services, Libraries, Meals on Wheels and Community Relations.

Resilient and diverse communities

The city and its public places and infrastructure can withstand impacts from a changing climate and emergency situations. We work with communities, businesses, and other organisations to strengthen connections and networks, to prepare the city and be able to recover from most situations. Activities include Aged Care Services, Social Policy and Programs, Community Centres, Safe City, Security and City Rangers.

A thriving cultural and creative life

We are proud of the city and are all able to participate in, contribute to and benefit from the city's cultural life. Activities include Culture and Creativity programs, Cultural Venues and History and Curatorial

A transformed and innovative economy

The city maintains its position locally, nationally, and internationally as a destination for business, investment, and talent. Innovation is central to the economy and transformation has occurred across all industries. Wealth and benefits are shared equitably. Activities include Strategy and Urban Analytics, Major Events, Night Time Economy and Business and Tourism Engagement.

Housing for all

This is a city where everyone has a home. Social, affordable, and supported housing is available for those who need it. High-quality housing is available for everyone. Activities include Homelessness services and Housing Policy and Advocacy.

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

B2 Sources of income

B2-1 Rates and annual charges

\$ '000	2025	2024
Ordinary rates		
Residential	99,503	93,088
Business	255,249	241,805
Less: pensioner rebates (mandatory)	(445)	(428)
Less: pensioner rebates (Council policy)	(2,286)	(2,094)
Rates levied to ratepayers	352,021	332,371
Pensioner rate subsidies received	240	231
Total ordinary rates	352,261	332,602
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	67,942	64,159
Stormwater management services	2,124	2,100
Less: pensioner rebates (mandatory)	(257)	(248)
Less: pensioner rebates (Council policy)	(1,254)	(1,155)
Annual charges levied	68,555	64,856
Pensioner annual charges subsidies received:		
– Domestic waste management	139	134
Total annual charges	68,694	64,990
Total rates and annual charges	420,955	397,592

Council has used 2022 year valuations provided by the NSW Valuer General in calculating its rates.

Material accounting policy information

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate.

Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are in substance a rates payment.

B2-2 User charges and fees

\$ '000	2025	2024
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s608)		
Planning and building regulation	19,789	21,074
Private works – section 67	8,423	9,060
Health inspections	1,849	2,295
Total fees and charges – statutory/regulatory	30,061	32,429

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

B2-2 User charges and fees (continued)

\$ '000	2025	2024
(ii) Fees and charges – other (incl. general user charges (per s608))		
Child care	1,310	1,140
Advertising space income	20,564	20,096
Parking meter income	44,083	41,926
Parking station income	10,946	10,695
Recreation facilities hire	24,314	24,854
Venue hire	7,986	7,570
Workzone and filming fees	15,102	15,956
Other	7,980	8,486
Total fees and charges – other	132,285	130,723
Total user charges and fees	162,346	163,152
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	54,531	56,659
User charges and fees recognised at a point in time	107,815	106,493
Total user charges and fees	162,346	163,152

Material accounting policy information

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods/services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service. There is no material obligation for Council in relation to refunds or returns.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

B2-3 Other revenue

\$ '000	2025	2024
Ex gratia rates	748	708
Fines	42,013	40,209
Sponsorship and donations	158	154
Other	7,184	844
Total other revenue	50,103	41,915
Timing of revenue recognition for other revenue		
Other revenue recognised over time	–	–
Other revenue recognised at a point in time	50,103	41,915
Total other revenue	50,103	41,915

Accounting policy

Where the revenue is earned for the provision of specified goods/services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first.

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

B2-3 Other revenue (continued)

Other revenue is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

B2-4 Grants and contributions

\$ '000	Operating 2025	Operating 2024	Capital 2025	Capital 2024
General purpose grants and non-developer contributions (untied)				
Financial Assistance Grant				
Related to current year	1,183	57	–	–
Prepayment received in advance for subsequent year ¹	3,981	6,427	–	–
Amount recognised as income during current year	5,164	6,484	–	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Child care	3,079	2,794	–	–
Environmental programs	10	–	105	242
Library	709	679	–	–
Community and recreation	2,434	2,428	423	–
Transport (other roads and bridges funding)	963	846	18,581	13,008
External contributions to capital projects	–	–	6,347	440
Other contributions	3,293	3,277	–	–
Total special purpose grants and non-developer contributions – cash	10,488	10,024	25,456	13,690
Non-cash contributions				
Land dedications	–	–	6,077	36,982
Total other contributions – non-cash	–	–	6,077	36,982
Total special purpose grants and non-developer contributions (tied)	10,488	10,024	31,533	50,672
Total grants and non-developer contributions	15,652	16,508	31,533	50,672
Comprising:				
– Commonwealth funding	7,956	8,895	2,597	–
– State funding	4,631	4,336	16,512	13,251
– Other funding	3,065	3,277	12,424	37,421
	15,652	16,508	31,533	50,672

(1) The 2025 – 2026 Financial Assistance Grant from Commonwealth Government was received by NSW Council in June 2025 and hence is reported as 2024 – 2025 income although it relates to 2025 – 2026 financial year.

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2025	Operating 2024	Capital 2025	Capital 2024
Developer contributions: (s7.4 & s7.11 - EP&A Act, s61 of the City of Sydney Act):					
	G5				
Cash contributions					
S 7.4 – contributions using planning agreements		–	–	1,291	7,059
S 7.11 – contributions towards amenities/services		–	–	8,074	15,939
S 7.12 – fixed development consent levies		–	–	37,678	39,545
S 61 – fixed development consent levies		–	–	2,492	607
Total developer contributions – cash		–	–	49,535	63,150
Non-cash contributions					
S 7.4 – contributions using planning agreements ¹		–	–	7,817	(1,287)
S 7.11 – contributions towards amenities/services		–	–	22,446	5,304
Total developer contributions non-cash		–	–	30,263	4,017
Total contributions		–	–	79,798	67,167
Total grants and contributions		15,652	16,508	111,331	117,839
Timing of revenue recognition					
Grants and contributions recognised over time		2,482	3,294	19,109	13,251
Grants and contributions recognised at a point in time		13,170	13,214	92,222	104,588
Total grants and contributions		15,652	16,508	111,331	117,839

(1) Negative non-cash contributions income for 2023/24 reflects the transfer of a non-cash contribution to cash contribution income, following the redemption of a bank guarantee securing future works. Council will now deliver the identified works.

Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

\$ '000	Operating 2025	Operating 2024	Capital 2025	Capital 2024
Grants				
Unspent funds at 1 July	1,171	3,538	86	529
Add: Funds received and not recognised as revenue in the current year	107	1,129	2,208	6
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	–	(2,227)	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(804)	(1,269)	(35)	(357)
Less: Funds received in prior year but not spent and returned in current year	(364)	–	–	(92)
	28			

continued on next page ...

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

B2-4 Grants and contributions (continued)

\$ '000	Operating 2025	Operating 2024	Capital 2025	Capital 2024
Unspent grants at 30 June	110	1,171	2,259	86
Contributions ²				
Unspent cash contributions and future works receivable at 1 July	–	–	75,056	88,353
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	32,082	15,018
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(16,818)	(28,315)
Unspent contributions at 30 June	–	–	90,320	75,056

(2) Council recognises revenue in respect of works in kind contributions where the agreed value of the works is secured via lodgement of a bank guarantee and/or cash security deposit. The delivery of these future works can extend over multiple accounting periods. Upon completion and acceptance of works by Council, the outstanding contribution debtor is cleared, and assets recognised as Infrastructure, Property Plant and Equipment. Works not secured via guarantee or deposit are recognised as revenue upon transfer to Council.

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an enforceable agreement containing sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but include provision of public events, planting of trees and delivery of training courses for members of the public. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Developer contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (EP&A Act), and section 61 of the *City of Sydney Act 1988*.

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to Council.

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

B2-4 Grants and contributions (continued)

Developer contributions may only be expended for the purposes for which the contributions were required, but Council may apply contributions according to the priorities established in work schedules for the contribution plan.

Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

B2-5 Interest and investment income

\$ '000	2025	2024
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	790	595
– Cash and investments	38,886	38,996
Total interest and investment income	39,676	39,591
Interest and investment income is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	790	595
General Council cash and investments	21,431	22,858
Restricted investments/funds – external:		
Developer contributions		
– Planning agreements/bonus floorspace levy	1,554	1,963
Domestic waste management operations	1,965	2,223
Specific Purpose Unexpended Grants	93	98
Allocated investments/funds – internal:		
Internally allocated assets	13,843	11,854
Total interest and investment income	39,676	39,591

B2-6 Other income

\$ '000	Notes	2025	2024
Fair value increment on investment properties			
Fair value increment on investment properties		26,418	12,253
Total fair value increment on investment properties	C1-9	26,418	12,253
Rental income			
Investment properties			
Lease income - investment properties		21,164	23,471
Total investment properties lease income		21,164	23,471
Other commercial property income			
Lease income from Council properties not classified as Investment Property under AASB 140		43,648	44,991
Lease income relating to variable lease payments not dependent on an index or a rate		18,455	20,023
Total other lease income		62,103	65,014
Total rental income	C2-2	83,267	88,485

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

B2-6 Other income (continued)

Total other income	109,685	100,738
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B3 Costs of providing services

B3-1 Employee benefits and on-costs

\$ '000	2025	2024
Salaries and wages	243,882	224,416
Travel expenses	160	183
Employee leave entitlements (ELE)	29,821	25,571
Superannuation – defined contribution plans	24,924	21,394
Superannuation – defined benefit plans	2,693	3,152
Workers' compensation insurance	10,134	6,115
Fringe benefit tax (FBT)	507	448
Training costs (other than salaries and wages)	1,750	1,817
Other	1,614	1,769
Total employee costs	315,485	284,865
Less: capitalised costs	(8,862)	(7,968)
Total employee costs expensed	306,623	276,897

Material accounting policy information

Superannuation plans

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note E3-1 for more information.

B3-2 Materials and services

\$ '000	Notes	2025	2024
Advertising		765	635
Asset maintenance and minor purchases		10,022	9,881
Audit Fees	F2-1	312	331
Bank charges		2,062	2,116
Books and periodicals		117	104
Contractor and consultancy costs:			
– Building and facilities management		65,740	66,173
– City infrastructure management		12,551	16,167
– Consultancies		2,727	3,472
– Parks management		25,920	24,393
– Project costs and minor contracts		36,721	54,210
– Waste disposal, recycling and graffiti removal		41,606	39,649
Election expenses		1,783	–
Computing costs		16,087	14,902

continued on next page ...

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

B3-2 Materials and services (continued)

\$ '000	Notes	2025	2024
Councillor and Mayoral fees and associated expenses	F1-2	882	919
Event and project costs		17,534	15,317
Insurance		7,159	6,640
Land tax and water rates		2,635	4,149
Parking enforcement – payment to NSW government		3,117	4,380
Property related expenditure - other		4,617	3,468
Postage and couriers		1,732	1,258
Printing and stationery		1,256	1,084
Public domain enhancement contributions		1,717	587
Raw materials and consumables		5,576	4,785
Research and development		318	375
Security		3,459	3,197
Storage		892	837
Street lighting		3,488	4,212
Telephone and communications		2,746	2,511
Utilities		6,224	6,620
Legal expenses:			
– Legal expenses: planning and development		651	579
– Legal expenses: other		1,450	1,605
Lease expenses:			
– Expenses from short-term leases		216	343
– Expenses from leases of low value assets		86	58
– Variable lease expense relating to usage		669	642
Other materials and services		4,098	4,118
Total materials and services		286,935	299,717
Less: capitalised costs		(762)	(669)
Total materials and services		286,173	299,048

B3-3 Borrowing costs

(i) Interest bearing liability costs

Interest expense relating to leases	211	216
Total borrowing costs expensed	211	216

B3-4 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2025	2024
Infrastructure, Property, Plant and Equipment (IPPE)	C1-8		
Plant and equipment		9,065	7,609
Office equipment		3,408	3,704
Furniture and fittings		2,008	3,369
Infrastructure:			
– Buildings – non-specialised		39,380	35,708
– Buildings – specialised		910	820
– Roads		27,112	25,095
– Stormwater drainage		7,771	7,435
– Open space/recreational assets		27,116	25,531
Other assets:			

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

B3-4 Depreciation, amortisation and impairment of non-financial assets (continued)

\$ '000	Notes	2025	2024
– Library books		685	730
– Poles and lighting		3,838	3,737
– Public art / open museum		893	890
Right of use assets	C2-1	367	437
Intangible assets – software (amortisation)	C1-10	7,661	8,873
Total depreciation, amortisation and impairment for non-financial assets		130,214	123,938

Material accounting policy information

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

B3-5 Other expenses

\$ '000	Notes	2025	2024
Impairment of receivables			
Rental and sundry debtors		374	2,762
Total impairment of receivables	C1-4	374	2,762
Other			
Contributions/levies to other levels of government		19,700	19,721
Donations, contributions and assistance to other organisations (Section 356)		26,423	24,074
Total other		46,123	43,795
Total other expenses		46,497	46,557

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

B4 Gains or losses

B4-1 Gain or loss from the disposal, replacement and de-recognition of assets

\$ '000	Notes	2025	2024
Gain (or loss) on disposal of property (excl. investment property)	C1-8		
Proceeds from disposal – property		1,900	27,901
Less: carrying amount of property assets sold/written off		(2,228)	(5,956)
Gain (or loss) on disposal		(328)	21,945
Gain (or loss) on disposal of plant and equipment	C1-8		
Proceeds from disposal – plant and equipment		1,523	485
Less: carrying amount of plant and equipment assets sold/written off		(479)	(123)
Gain (or loss) on disposal		1,044	362
Gain (or loss) on disposal of infrastructure	C1-8		
Proceeds from disposal – infrastructure		–	–
Less: carrying amount of infrastructure assets sold/written off		(1,681)	(5,065)
Gain (or loss) on disposal		(1,681)	(5,065)
Gain (or loss) on disposal of investment property	C1-9		
Proceeds from disposal – investment property		2,897	–
Less: carrying amount of investment property sold/written off		(8,500)	–
Gain (or loss) on disposal		(5,603)	–
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		19,500	23,700
Less: carrying amount of investments sold/redeemed/matured		(19,500)	(23,700)
Gain (or loss) on disposal		–	–
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		510,000	510,000
Less: carrying amount of term deposits sold/redeemed/matured		(510,000)	(510,000)
Gain (or loss) on disposal		–	–
Gain (or loss) on disposal of non-current assets classified as ‘held for sale’	C1-7		
Proceeds from disposal – non-current assets ‘held for sale’		300	–
Less: carrying amount of ‘held for sale’ assets sold/written off		(300)	–
Gain (or loss) on disposal		–	–
Net gain (or loss) from disposal of assets		(6,568)	17,242

B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 24 June 2024 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

B5-1 Material budget variations (continued)

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below.

Variation Key: **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2025 Budget	2025 Actual	2025 ----- Variance -----	
Revenues				
Other revenues	42,362	50,103	7,741	18% F
The favourable variance arose from income recognised through contractual claims related to a deferred payment fee. This fee was contractually agreed as compensation for the delayed settlement of a property divestment.				
Operating grants and contributions	17,477	15,652	(1,825)	(10)% U
The unfavourable variance relates to Financial Assistance Grants. The budget was prepared on the assumption that the full annual grant would be received, consistent with prior years. However, only 50% of the expected funds were received, with the remainder to be received in 2025/26.				
Interest and investment revenue	34,285	39,676	5,391	16% F
The favourable variance in interest and investment income was driven by higher cash balances, which resulted in the higher than anticipated interest income, despite a couple of rate cuts during the second half of the year.				
Capital grants and contributions	95,048	111,331	16,283	17% F
Capital contributions were favourable to budget. The timing of these contributions is difficult to predict. Contributions toward development in the CBD, under the Central Sydney plans, were favourable to budget while outside the CBD contributions were lower than anticipated. In addition, a number of substantial Works in Kind contributions and land dedications were received in particular the Green Square Urban renewal area. These contributions are recognised as revenue when the agreed value is secured via lodgement of a bank guarantee and cash security deposit. The timing of delivery or receipt of these contributions is contingent on development progress and difficult to forecast. The overall variance was further increased with additional capital renewal related contributions from the Federal Government.				
Other income	88,075	109,685	21,610	25% F
The favourable variance was primarily driven by the annual external revaluation of the City's investment properties, which resulted in a 5% uplift in overall value. This was partially offset by a reduction in commercial property income due to an external review of the QVB management fee. This review, conducted in accordance with the ground lease effective 1 January 2023, led to an increase in the management fee. As the fee is included in the profit share arrangement, the increase resulted in a reduction in overall income.				

Expenses

Materials and services	244,959	286,173	(41,214)	(17)% U
The adopted budget included all waste collection expenses within the Other Expenses category. Following adoption, the waste collection component was separated from the s88 Waste Levy paid to the NSW Government. This allowed the re-classification of the collection costs (\$19.3M) to Materials and Contracts with the balance (approx \$5.4M) retained in Other expenses - contributions/levies to other levels of Government. In addition, this expense category was impacted by project costs associated with the delivery of the City's significant capital works program. These costs were reclassified as operating expenses, as they did not contribute to the enduring benefit of the underlying assets. Such expenditure, typically relating to early-stage activities (e.g. options analysis, asset demolition), was higher than anticipated in the budget. Examples included works in the public domain, new street tree planting, and several Information Technology initiatives. In addition, aquatics facility management fees were budgeted on a net basis. However, the financial statements present both gross income and expenditure, which has significantly increased the reported amount for facility management fees within this category.				

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

B5-1 Material budget variations (continued)

\$ '000	2025 Budget	2025 Actual	2025 ----- Variance -----	
Other expenses	69,197	46,497	22,700	33% F
The adopted budget included approximately \$24.7M for waste collection within Other Expenses category. Following adoption, the waste collection component was separated from the s88 Waste Levy paid to the NSW Government. This allowed the re-classification of the the collection costs to Materials and Contracts with the balance (approx \$5.4M) retained in Other expenses - contributions/levies to other levels of Government. Prior year comparatives have been reclassified on the same basis. This category also reflects a favourable variance in Affordable Housing Grants.				
Net losses from disposal of assets	–	6,568	(6,568)	∞ U
Council does not budget for gains or losses on asset disposals, due to their non-recurrent nature, timing uncertainty, and the volatility of sale proceeds. Individual asset sales and disposals are approved under delegated authority with consideration of carrying values and expected proceeds. The reported loss reflects disposal made prior to the end of depreciable asset lives across a range of public domain, stormwater and land improvement projects.				

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2025	2024
Cash assets		
Cash on hand and at bank	43,485	65,725
Cash equivalent assets		
– Deposits at call ¹	15,745	10
Total cash and cash equivalents	59,230	65,735

(1) During 2023/24, the applicable interest rate for Council's General Fund was matched to the applicable Call Account rate, and cash balances were substantially transferred to the General Fund ("at bank"). The General Fund continues to receive rates comparable to the applicable at-call account in FY 2024/25.

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	59,230	65,735
Balance as per the Statement of Cash Flows	59,230	65,735

C1-2 Financial investments

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Debt securities at amortised cost				
Long term deposits	484,000	45,000	510,000	35,000
Floating-rate notes (FRNs) (with maturities > 3 months)	36,800	139,950	19,500	136,100
Total investments	520,800	184,950	529,500	171,100
Total cash assets, cash equivalents and investments	580,030	184,950	595,235	171,100

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

C1-2 Financial investments (continued)

Material accounting policy information

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition. Council has assessed the objective of its investment business model as holding financial assets in order to collect contractual cash flows, with those cash flows on contractual dates, comprising solely principal and/or interest. Accordingly, all investments for the reporting periods shown were held at amortised cost.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables, floating rate note investments, term deposits and cash and cash equivalents in the Statement of Financial Position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

C1-3 Restricted and allocated cash, cash equivalents and investments

\$ '000	2025	2024
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	764,980	766,335
Cash, cash equivalents and investments not subject to external restrictions	612,450	677,209
Less: Externally restricted cash, cash equivalents and investments	(152,530)	(89,126)
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	2,469	1,257
External restrictions – included in liabilities	2,469	1,257
External restrictions – other		

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

\$ '000	2025	2024
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general ¹	108,797	46,668
Domestic waste management	41,264	41,201
External restrictions – other	150,061	87,869
Total external restrictions	152,530	89,126

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

(1) Developer contributions include Section 7.4 affordable housing contributions, which are recognised as payables until remitted to community housing providers and have been classified as externally restricted funds (see Note G5-1).

\$ '000	2025	2024
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	612,450	677,209
Less: Internally allocated cash, cash equivalents and investments	(315,397)	(238,434)
Unrestricted and unallocated cash, cash equivalents and investments	297,053	438,775

Internal allocations

At 30 June, Council has internally allocated funds to the following:

Supported accommodation, affordable and diverse housing fund	18,958	9,163
Employees leave entitlement	7,809	7,249
Green infrastructure	3,660	7,357
Green Square reserve	162,908	86,325
Heritage conservation fund	68,714	75,055
Performance cash bonds and retentions	25,701	28,036
Public liability insurance	1,047	572
Renewable energy reserve	–	1,277
Workers compensation	26,600	23,400
Total internal allocations	315,397	238,434

Internal allocations of cash, cash equivalents and investments are those assets allocated to specific purposes by a resolution of the elected Council.

Policy on external restrictions and internal allocations of cash, cash equivalents and investments

Cash, cash equivalents and investments are restricted for prudent financial management purposes as follows:

Developer Contributions - 100% of cash developer contributions levied under Section 7.11, Section 7.12, Section 61, and Section 7.4 (including contributions received through the Bonus Floor Space Scheme, Voluntary Planning Agreements, and the Developer Rights Scheme for Green Square Town Centre) not yet expended in accordance with the applicable deed or contributions plan.

Contributions - Capital Works - 100% of cash contributions provided to Council by third parties that are yet to be expended on the project/s for which they were provided.

Unexpended Grants - 100% of cash grants received not spent during the year are treated as restricted funds.

Notes to the Financial Statements

for the year ended 30 June 2025

C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

Domestic Waste - Any cash surplus from operations is held as a restricted asset to fund future capital expenditure or process improvements to the Domestic Waste collection business.

Stormwater Management - Funds received through the stormwater levy are set aside for various structural and non-structural programs used to reduce urban stormwater pollution. Unspent funds are held as restricted assets.

Supported Accommodation, Affordable and Diverse Housing - Income receipts dedicated by Council for the purposes of contributing towards the delivery of supported accommodation, affordable and/or diverse housing are set aside for future projects and initiatives as endorsed by Council.

Commercial Properties - Funds that are surplus to requirements, set aside to reinvest and continue the revenue stream from and maintain diversification of Council's large commercial and investment property portfolio.

Community Facilities - Cash set aside for the future acquisition or development of property to improve community spaces or replacement facilities that meet community needs at that time.

Employee Leave Entitlements - 10% of the employee leave entitlement provision is set aside to fund extraordinary movements of staff. Normal annual payments of leave entitlements are funded from operating income.

Green Infrastructure - Monies set aside for implementing green infrastructure projects including co/trigeneration plants, water recycling and evacuated waste systems to deliver enhanced environmental benefits to the organisation and community.

Green Square - Monies set aside in anticipation of Green Square infrastructure not funded by developer contributions or grant funding.

Heritage Conservation Fund - Cash received through Alternative Heritage Floor Space Allocation Scheme, yet to be expended on heritage related projects in accordance with the council-adopted policy.

Operational Facilities - Cash set aside for the future acquisition or development of properties to supplement or replace buildings within the current building assets portfolio that provide infrastructure for the operation of Council's services.

Performance Bond Deposits - All security deposits are held as restricted funds.

Public Liability Insurance - Cash has been allocated for 100% of the provision.

Public Roads - In accordance with Section 43 (4) of the Roads Act (NSW) 1993, proceeds from the sale of (former) public road are set aside for the acquisition of land for public roads, and/or carrying out works on public roads.

Renewable Energy - Monies set aside to develop renewable energy for the organisation that can be derived from wind, solar or geo-thermal sources.

Workers Compensation Insurance - In accordance with actuarial advice, Council restricts funds for 100% of the provision, as advised by an external consulting actuary (in order to meet the requirements of the State Insurance Regulatory Authority, SIRA).

C1-4 Receivables

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Rates and annual charges	8,950	—	8,686	—
Interest and extra charges relating to rates	570	—	377	—
User charges and fees	6,942	—	6,552	—
Accrued interest on investments	10,558	—	12,180	—
Net GST receivable	3,899	—	4,086	—
Rental debtors	15,001	63	24,719	272
Outstanding works in kind contributions ¹	3,616	54,064	5,014	23,374
	39			

continued on next page ...

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

C1-4 Receivables (continued)

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Total	49,536	54,127	61,614	23,646
Less: provision for impairment				
Rental debtors and User charges & fees	(7,001)	–	(6,829)	–
Total provision for impairment – receivables	(7,001)	–	(6,829)	–
Total net receivables	42,535	54,127	54,785	23,646

(1) Refer to footnote (2) in Note B2-4

Externally restricted receivables

Domestic waste management	644	–	645	–
Domestic waste management – interest & extra charges	37	–	39	–
Works receivable (developer contributions)	3,616	54,064	5,014	23,374
Total external restrictions	4,297	54,064	5,698	23,374
Unrestricted receivables	38,238	63	49,087	272
Total net receivables	42,535	54,127	54,785	23,646

\$ '000	2025	2024
Movement in provision for impairment of receivables		
Balance at the beginning of the year	6,829	4,734
+ new provisions recognised during the year	1,898	3,547
– amounts already provided for and written off this year	(184)	(498)
– unused amounts reversed	(1,542)	(954)
Balance at the end of the year	7,001	6,829

Material accounting policy information

Recognition and measurement

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information. Additional disclosure related to Council's ECL model is provided at Note E1-1.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

C1-4 Receivables (continued)

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day one.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A debt write-off is only considered after all attempts and appropriate measures of collecting the debt have failed, and where at least one of the following conditions is satisfied: the debt cannot be proven; the debt is of a size that makes the use of external debt collection agency economically unviable; the debtor and/or their assets cannot be located; the debt is statute barred (the age of the claim is beyond legislatively stated time constraints); the debtor has been declared bankrupt (personal) or in liquidation (corporate) or the company is deregistered; or the debtor is deceased.

The write off of a debt does not preclude any action being taken in the future to collect the outstanding amount, should the prevailing circumstances change. None of the receivables that have been written off are subject to further enforcement activity.

Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Inventories at cost				
Stores and materials	417	–	388	–
Total inventories at cost	417	–	388	–
Total inventories	417	–	388	–

Material accounting policy information

Costs are assigned to individual items of inventory on the basis of weighted average costs.

C1-6 Contract assets

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Accrued revenue	17,560	–	16,736	–
Total contract assets	17,560	–	16,736	–

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

C1-6 Contract assets (continued)

C1-7 Non-current assets classified as held for sale

\$ '000	Notes	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Details of non-current assets held for sale					
Land	C1-8	200,597	–	192,817	–
Total non-current assets classified as held for sale		200,597	–	192,817	–

Details of assets

At 30 June 2025, Council held surplus property assets previously designated as 'Land - Operational', as held for sale. Settlement of the applicable sale transactions is anticipated to occur during the 2025/26 financial year, with the disposals endorsed by Council, preferred purchasers having been determined, and contractual arrangements in place. A land parcel classified as held for sale at 30 June 2024 did not settle as anticipated during 2024/25, and has been retained within the above total at 30 June 2025, pending settlement during 2025/26.

Notes to the Financial Statements

for the year ended 30 June 2025

C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2024			Asset movements during the reporting period										At 30 June 2025		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers ²	Adjustments and transfers	Tfrs from/(to) 'held for sale' category ³	Tfrs from/(to) investment properties	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000																
Capital work in progress (WIP) ⁴	215,768	–	215,768	104,495	102,939	–	–	(124,569)	–	–	(2,997)	–	–	295,636	–	295,636
Plant and equipment	120,074	(80,731)	39,343	15,126	708	(479)	(9,065)	1,967	–	–	–	–	–	131,326	(83,726)	47,600
Office equipment	22,503	(13,817)	8,686	3,169	162	–	(3,408)	–	569	–	–	–	–	23,034	(13,855)	9,179
Furniture and fittings	37,734	(31,819)	5,915	297	–	–	(2,008)	231	–	–	–	–	–	38,262	(33,826)	4,436
Land:																
– Operational land	2,118,058	–	2,118,058	–	70,080	(2,066)	–	–	(52,413)	(8,080)	–	–	392,484	2,518,063	–	2,518,063
– Community land	2,912,723	–	2,912,723	–	5,518	–	–	–	50,754	–	–	–	584,024	3,553,019	–	3,553,019
– Crown land	3,649,586	–	3,649,586	–	–	–	–	1,243	–	–	–	–	201,866	3,852,695	–	3,852,695
– Land under roads (post 30/6/08)	178,440	–	178,440	–	559	–	–	–	1,659	–	–	–	–	180,657	–	180,657
Infrastructure:																
– Buildings – non-specialised	2,461,062	(608,774)	1,852,288	586	3,092	(163)	(39,380)	59,266	–	–	–	(22,890)	–	2,445,319	(592,519)	1,852,800
– Buildings – specialised	73,720	(30,327)	43,393	–	–	–	(910)	2,502	–	–	–	(2,986)	–	74,268	(32,270)	41,998
– Roads, Bridges, Footways, Kerbs	2,462,704	(868,193)	1,594,511	–	474	(1,681)	(27,112)	19,765	(30)	–	–	–	41,657	2,540,942	(913,358)	1,627,584
– Stormwater drainage	549,168	(166,785)	382,383	–	93	–	(7,771)	8,374	–	–	–	–	6,412	566,856	(177,365)	389,491
– Open space/recreational assets	871,271	(511,639)	359,632	–	17	–	(27,116)	20,204	–	–	–	–	9,374	916,171	(554,061)	362,110
– Other structures – poles, lights, signs	195,204	(75,310)	119,894	–	108	–	(3,838)	10,248	–	–	–	(382)	102,914	312,342	(83,398)	228,944
– Other structures – trees	176,397	–	176,397	–	10	–	–	507	–	–	–	–	5,645	182,559	–	182,559
Other assets:																
– Heritage collections	9,816	–	9,816	–	119	–	–	–	–	–	–	–	–	9,934	–	9,934
– Library books	5,874	(4,273)	1,601	–	781	–	(685)	262	–	–	–	–	–	5,395	(3,698)	1,697
– City art	73,041	(11,599)	61,442	–	–	–	(893)	–	–	–	–	–	–	73,302	(12,492)	60,810
Total infrastructure, property, plant and equipment	16,133,143	(2,403,267)	13,729,876	123,673	184,660	(4,389)	(122,186)	–	539	(8,080)	(2,997)	(26,258)	1,344,376	17,719,780	(2,500,568)	15,219,212

(1) Renewals are defined as the replacement or reinstatement of existing assets (significant upgrades and acquisition of additional assets are shown under Additions new assets).

(2) WIP Transfers consists of completed capital construction projects transferred from Work in Progress into the fixed asset register. Completed projects transferred include: \$85.5M in capital renewal, \$25.7M in capital upgrade and \$16.3M in new infrastructure and facilities.

(3) See note C1-7

(4) Capital Work in Progress includes \$295M for capital construction projects, \$0.64M for Plant & Asset purchases.

Notes to the Financial Statements

for the year ended 30 June 2025

C1-8 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period										At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers ²	Adjustments and transfers	Tfrs from/(to) 'held for sale' category ³	Tfrs from/(to) investment properties	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000																
Capital work in progress ⁴	198,138	–	198,138	75,344	77,161	–	–	(134,359)	(35)	–	(482)	–	–	215,768	–	215,768
Plant and equipment	127,588	(86,339)	41,249	4,165	1,061	(111)	(7,609)	588	–	–	–	–	–	120,074	(80,731)	39,343
Office equipment	21,281	(12,360)	8,921	1,812	63	–	(3,704)	–	1,594	–	–	–	–	22,503	(13,817)	8,686
Furniture and fittings	42,826	(33,575)	9,251	8	13	–	(3,369)	12	–	–	–	–	–	37,734	(31,819)	5,915
Land:																
– Operational land	2,110,688	–	2,110,688	–	58,460	(3,224)	–	–	–	(192,817)	–	–	144,950	2,118,058	–	2,118,058
– Community land	2,921,589	–	2,921,589	–	–	(2,689)	–	–	–	–	–	(6,177)	–	2,912,723	–	2,912,723
– Crown land	3,489,196	–	3,489,196	–	–	–	–	–	–	–	–	–	160,390	3,649,586	–	3,649,586
– Land under roads (post 30/6/08)	165,247	–	165,247	–	12,420	–	–	–	–	–	–	–	772	178,440	–	178,440
Infrastructure:																
– Buildings – non-specialised	2,318,396	(543,872)	1,774,524	4,005	271	–	(35,708)	12,610	(147)	–	–	–	96,733	2,461,062	(608,774)	1,852,288
– Buildings – specialised	67,855	(27,622)	40,233	–	–	(43)	(820)	1,145	147	–	–	–	2,729	73,720	(30,327)	43,393
– Roads, Bridges, Footways, Kerbs	2,291,244	(802,745)	1,488,499	–	4,765	(3,698)	(25,095)	50,508	(772)	–	–	–	80,303	2,462,704	(868,193)	1,594,511
– Stormwater drainage	521,252	(154,799)	366,453	–	1,080	(398)	(7,435)	10,527	263	–	–	–	11,894	549,168	(166,785)	382,383
– Other open space/recreational assets	791,618	(468,197)	323,421	–	4,644	(969)	(25,531)	42,871	322	–	–	–	14,875	871,271	(511,639)	359,632
– Other structures – poles, lights, signs	187,241	(71,586)	115,655	–	480	–	(3,735)	7,187	309	–	–	–	–	195,204	(75,310)	119,894
– Other structures – trees	149,723	–	149,723	–	256	–	–	2,543	63	–	–	–	23,812	176,397	–	176,397
Other assets:																
– Heritage collections	9,733	–	9,733	–	82	–	–	–	–	–	–	–	–	9,816	–	9,816
– Library books	6,349	(4,652)	1,697	634	–	–	(730)	–	–	–	–	–	–	5,874	(4,273)	1,601
– City art	67,551	(11,574)	55,977	–	–	(12)	(890)	6,368	–	–	–	–	–	73,041	(11,599)	61,442
Total Infrastructure, property, plant and equipment - Prior year	15,487,515	(2,217,321)	13,270,194	85,968	160,756	(11,144)	(114,626)	–	1,744	(192,817)	(482)	(6,177)	536,458	16,133,143	(2,403,267)	13,729,876

(1) Renewals are defined as the replacement or reinstatement of existing assets (significant upgrades and acquisition of additional assets are shown under Additions new assets).

(2) WIP Transfers consists of completed capital construction projects transferred from Work in Progress into the fixed asset register. Completed projects transferred include: \$50.9M in capital renewal, \$34.8M in capital upgrade and \$49.2M in new infrastructure and facilities.

(3) See note C1-7

(4) Capital Work in Progress includes \$215M for capital construction projects, \$0.74M for Plant & Asset purchases.

Notes to the Financial Statements

for the year ended 30 June 2025

C1-8 Infrastructure, property, plant and equipment (continued)

Material accounting policy information

Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes). When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. Repairs and maintenance are charged to the Income Statement during as they are incurred.

Useful lives of IPPE

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their carrying amount, net of their residual values, over their estimated useful lives as follows:

	Useful lives
Plant, equipment, furniture and fittings	3 to 50
Land	Infinite
Infrastructure:	
– Buildings and other structures	10 - 400
– Roads, bridges and footpaths	20 - 300
– Drainage infrastructure	10 - 200
– Council Signage	Infinite
– Poles and lighting	15 - 50
– Open space / recreational assets	20 - 100
– Trees - street, park and properties trees	Infinite
Other assets	3-100

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Revaluation model

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Increases in the carrying amounts arising on revaluation are credited to the revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

Crown reserves and third party owned land

The Crown Land class includes assets that are owned by government and/or 3rd party entities, however Council retains both operational control of the assets and responsibility for the maintenance of improvements thereon. Council includes these land assets in the Statement of Financial Position, as well as the cost of any Council funded related improvements, on

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

C1-8 Infrastructure, property, plant and equipment (continued)

the basis of its financial rights and responsibilities in controlling and maintaining the assets. Maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

Revocation of such control by the State Government is regarded as extremely unlikely given the history of Crown Reserves, and Council's history of operational care and control over the assets.

In the case of Crown Reserve lands, Reserve Trusts were created for administrative purposes under section 92 of the Crown Lands Act 1989 ("the Act") for a large proportion of these Crown Reserves. Prior to the enactment of the Act, Council was Reserve Trustee of these assets and upon enactment, section 5A of the Schedule 8 (Savings, transitional and other provisions) of the Act has appointed Council Reserve Trust Manager of the related Reserve Trusts created under section 92.

C1-9 Investment properties

\$ '000	2025	2024
Owned investment properties		
Investment property on hand at fair value	551,793	530,878
Total owned investment properties	551,793	530,878

Investment property movements

\$ '000	Notes	2025	2024
At fair value			
Opening balance at 1 July		530,878	509,643
Acquisitions		–	8,500
Capitalised subsequent expenditure	C1-8	2,997	482
Disposals during year	B4-1	(8,500)	–
Net gain/(loss) from fair value adjustments	B2-6	26,418	12,253
Closing balance at 30 June		551,793	530,878

Material accounting policy information

Investment property, comprising commercial, industrial and residential properties, is held for long-term rental yield and capital appreciation and is not occupied by the Council.

C1-10 Intangible assets

Intangible assets are as follows:

\$ '000	2025	2024
Software		
Opening values at 1 July		
Gross book value	61,948	68,413
Accumulated amortisation	(46,048)	(45,862)
Software work in progress (WIP) balance	22,989	17,458
Net book value – opening balance	38,889	40,009

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

C1-10 Intangible assets (continued)

\$ '000	2025	2024
Movements for the year		
– Development costs capitalised	9,715	3,667
– Transfer (to)/from IPP&E	(569)	1,559
– Amortisation charges	(7,661)	(8,873)
– Work In Progress movement - net	(8,202)	5,531
Closing values at 30 June		
Gross book value	71,094	61,948
Accumulated amortisation	(53,709)	(46,048)
Software work in progress (WIP) balance	14,788	22,989
Total software – net book value	32,173	38,889

Transferable rights - heritage floor space

Total Transferable Rights - Heritage Floor Space – net book value	2,542	2,542
Total intangible assets – net book value	34,715	41,431

Material accounting policy information

IT development and software

Amortisation is calculated on a straight line basis over periods generally ranging from three to five years.

Transferable rights - heritage floor space

The heritage floor space scheme provides an incentive for the conservation and ongoing maintenance of heritage items in central Sydney. The scheme provides for owners of eligible heritage listed buildings to be awarded heritage floor space after preparing a conservation management plan and completing agreed conservation works to their building. The awarded heritage floor space can then be sold to a site that requires it as part of an approved development application.

Within central Sydney, it is often a requirement of large scale developments to acquire heritage floor space in order to maximise development capacity on a site.

Following an award of heritage floor space on a Council-owned property, an asset will be recognised at the point the award is registered on Council's heritage floor space register. At recognition, heritage floor space awarded to Council is valued at fair value with reference to the *Heritage Floor Space Update*, published biannually by the Council's Strategic Planning and Urban Design unit (at December and June). Heritage Floor Space rights will subsequently be carried using the Cost approach (i.e. at recognition value). As transferable rights, the assets have an infinite useful life, but may be subject to fluctuations in market value.

C1-11 Other

Other assets

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Prepayments	11,612	–	10,928	–
Future benefits – shared services relating to Sutherland animal shelter	14	56	14	70
Total other assets	11,626	56	10,942	70

continued on next page ...

Page 40

C2 Leasing activities

C2-1 Council as a lessee

Buildings

Council entered a lease for two floors of a larger commercial building, commencing 28 June 2019, for use as a public library. The initial lease term is 15 years, with escalation of CPI plus 0.5% annually.

Extension options

The lease contains five extension options of 15 years each, plus a further option of 9 years (i.e. total potential extensions of 84 years, following the initial 15 year term). Council has assessed the 15 year first extension option as reasonably certain, and included this option term in lease liability calculations. The further options are currently not considered to be reasonably certain, and have therefore been excluded from lease liability calculations (the present value of future lease payments at 30 June 2025, including all future extension options, is estimated at \$26.4M, excluding the impact of any future CPI increases).

(a) Right of use assets

\$ '000	Building	Total
2025		
Opening balance at 1 July	10,005	10,005
Depreciation charge	(367)	(367)
Lease liability remeasurement	14	14
Balance at 30 June	9,652	9,652
2024		
Opening balance at 1 July	10,049	10,049
Depreciation charge	(437)	(437)
Lease liability remeasurement	393	393
Balance at 30 June	10,005	10,005

(b) Lease liabilities

	2025 Current	2025 Non-current	2024 Current	2024 Non-current
\$ '000				
Lease liabilities	341	10,426	320	10,752
Total lease liabilities	341	10,426	320	10,752

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

C2-1 Council as a lessee (continued)

Maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

\$ '000	< 1 year	1 – 5 years	> 5 years	Total	Total per Statement of Financial Position
2025					
Cash flows	545	2,158	10,862	13,565	10,767
2024					
Cash flows	530	2,147	11,403	14,080	11,072

(c) Income Statement

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

\$ '000	2025	2024
Interest on lease liabilities	211	216
Depreciation of right of use assets	367	437
Variable lease payments based on usage not included in the measurement of lease liabilities	669	642
Expenses relating to leases of low-value assets	86	58
Expenses relating to short-term leases	216	343
	1,549	1,696

(d) Statement of Cash Flows

Total cash outflow for leases	530	509
	530	509

(e) Leases at significantly below market value – concessionary / peppercorn leases

Council has a number of leases at significantly below market for land and buildings which are used for:

- Bridges - stratum
- Business innovation space
- Car park
- Child care centre
- Community room
- Creative studios
- End-of-trip (bicycle) facilities
- Jetty/pontoon facilities
- Parks, open space and community facilities

The leases are generally between 10 and 99 years for nominal rent. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases. Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

C2-1 Council as a lessee (continued)

Material accounting policy information

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition. The affected leases are subject to nominal or nil rental expense, and accordingly the associated right of use assets are measured at a nominal or nil value.

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:

- investment property – where the asset is held predominantly for rental or capital growth purposes (refer note C1-9)
- property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-8).

\$ '000	2025	2024
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(i) Assets held as investment property

Council classifies a number of properties as Investment Property under AASB 140, where the assets are primarily held for rental returns and/or capital appreciation over time.

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below

Lease income (excluding variable lease payments not dependent on an index or rate)	21,164	23,471
Total income relating to operating leases for investment property assets	21,164	23,471
Direct operating expenses that generated rental income	2,351	2,310
Total expenses relating to operating leases of investment property	2,351	2,310
Contractual obligations for future repairs and maintenance	1,286	1,254
Total repairs and maintenance: investment property	1,286	1,254

(ii) Assets held as property, plant and equipment

Council leases a range of property assets on both commercial and (partially) subsidised terms including:

- Commercial, retail, industrial and residential property
- Footway and kiosk operator licences
- Stratum leases for airspace and tunnels in the public domain

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

C2-2 Council as a lessor (continued)

\$ '000	2025	2024
Lease income (excluding variable lease payments not dependent on an index or rate)	43,648	44,991
Lease income relating to variable lease payments not dependent on an index or a rate	18,455	20,023
Total income relating to operating leases for Council assets	62,103	65,014

(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

< 1 year	43,797	45,525
1–2 years	36,211	34,275
2–3 years	27,037	28,755
3–4 years	23,623	19,988
4–5 years	20,017	17,095
> 5 years	119,427	117,989
Total undiscounted lease payments to be received	270,112	263,627

C3 Liabilities of Council

C3-1 Payables

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Creditors – Goods and services	25,891	–	23,079	–
Accrued employee costs	11,674	–	9,856	–
Accrued expenditure - other	50,267	–	49,639	–
Affordable Housing Program Contributions	76,157	–	2,268	–
Performance cash bonds, deposits and retentions	25,702	–	28,037	–
Prepaid rates	4,796	–	4,560	–
Other	1,198	–	1,067	–
Total payables	195,685	–	118,506	–

Payables relating to restricted and allocated assets

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Externally restricted assets				
Affordable Housing Program Contributions	76,157	–	2,268	–
Domestic waste management	4,273	–	3,971	–
Payables relating to externally restricted assets	80,430	–	6,239	–

Internally allocated assets

Performance cash bonds, deposits and retentions	25,702	–	28,037	–
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continued on next page ...

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

C3-1 Payables (continued)

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Payables relating to internally allocated assets	25,702	–	28,037	–
Total payables relating to restricted and allocated assets	106,132	–	34,276	–
Total payables relating to unrestricted assets	89,553	–	84,230	–
Total payables	195,685	–	118,506	–

Current payables not anticipated to be settled within the next twelve months

\$ '000	2025	2024
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	15,594	16,538
Total payables	15,594	16,538

Material accounting policy information

Creditors - Goods and services represent liabilities for goods and services provided to the council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

C3-2 Contract Liabilities

\$ '000	Notes	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	2,260	–	86	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(i)	110	–	1,171	–
Heritage conservation fund	(ii)	14,582	54,132	8,321	66,734
Total grants and contributions received in advance:		16,952	54,132	9,578	66,734
User fees and charges received in advance:					
Miscellaneous payments received in advance		29,717	–	27,717	–
Total user fees and charges received in advance		29,717	–	27,717	–
Total contract liabilities		46,669	54,132	37,295	66,734

Notes

(i) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

C3-2 Contract Liabilities (continued)

the performance obligations are ongoing.

(ii) The liability relates to funds received via the Alternative Heritage Floor Space Allocation Scheme and held in the Heritage Conservation Fund. Strict eligibility criteria for projects, detailed in the scheme, must be met before funds are eligible to be recognised as income. This recognition occurs in line with expenditure on eligible projects.

Contract liabilities relating to restricted and allocated assets

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Externally restricted assets				
Unspent grants held as contract liabilities	2,469	—	1,257	—
Contract liabilities relating to externally restricted assets	2,469	—	1,257	—
Internally allocated assets				
Heritage Conservation Fund	14,582	54,132	8,320	66,734
Contract liabilities relating to internally allocated assets	14,582	54,132	8,320	66,734
Total contract liabilities relating to restricted/allocated assets	17,051	54,132	9,577	66,734
Total contract liabilities relating to unrestricted/unallocated assets	29,618	—	27,718	—
Total contract liabilities	46,669	54,132	37,295	66,734

Revenue recognised that was included in the contract liability balance at the beginning of the period

\$ '000	2025	2024
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	35	357
Operating grants (received prior to performance obligation being satisfied)	804	1,269
Heritage conservation fund	6,341	373
User fees and charges received in advance:		
Miscellaneous payments received in advance	6,907	12,290
Total revenue recognised that was included in the contract liability balance at the beginning of the period	14,087	14,289

C3-3 Borrowings

Financing arrangements

\$ '000	2025	2024
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Credit cards/purchase cards	1,500	1,500
Total financing arrangements	1,500	1,500

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

C3-3 Borrowings (continued)

\$ '000	2025	2024
Drawn facilities		
Financing facilities drawn down at the reporting date are:		
– Credit cards/purchase cards	195	159
Total drawn financing arrangements	195	159
Undrawn facilities		
Undrawn financing facilities available to Council at the reporting date are:		
– Credit cards/purchase cards	1,305	1,341
Total undrawn financing arrangements	1,305	1,341

C3-4 Employee benefit provisions

\$ '000	2025 Current	2025 Non-current	2024 Current	2024 Non-current
Annual leave	17,138	–	15,220	–
Sick leave	2,804	–	4,177	–
Long service leave	55,857	2,388	51,126	2,063
Public holidays	330	–	344	–
Total employee benefit provisions	76,129	2,388	70,867	2,063

Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2025	2024
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	50,711	48,160
	50,711	48,160

Material accounting policy information

Long-term employee benefit obligations

The liability for long-service leave and sick leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

C3-5 Provisions

\$ '000	2025 Current	2025 Non-Current	2024 Current	2024 Non-Current
Other provisions				
Self insurance – workers compensation	6,000	20,600	4,500	18,900
Self insurance – public liability	894	153	433	139
	54			

continued on next page ...

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

C3-5 Provisions (continued)

\$ '000	2025 Current	2025 Non-Current	2024 Current	2024 Non-Current
Superannuation	–	1,530	–	1,425
Provision for rent waivers (Covid-19)	406	–	1,226	–
Other	1,119	–	5,532	–
Sub-total – other provisions	8,419	22,283	11,691	20,464
Asset remediation/restoration:				
Asset remediation/restoration (future works)	4,600	–	4,600	–
Sub-total – asset remediation/restoration	4,600	–	4,600	–
Total provisions	13,019	22,283	16,291	20,464

Provisions relating to allocated assets

Internally allocated assets

Self insurance – workers compensation	6,000	20,600	4,500	18,900
Self insurance – public liability	894	153	433	138

Provisions relating to internally allocated assets

	6,894	20,753	4,933	19,038
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Total provisions relating to unallocated assets

	6,125	1,530	11,358	1,426
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Total provisions	13,019	22,283	16,291	20,464
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Description of and movements in provisions

\$ '000	Other provisions						Total
	Asset remed- iation	Workers Compens- ation	Public liability	Superannu- ation	Rental Waivers	Other	
2025							
At beginning of year	4,600	23,400	572	1,425	1,226	5,531	36,754
Additional provisions	–	6,913	891	–	–	476	8,280
Amounts used (payments)	–	(6,930)	(378)	–	(443)	(3,471)	(11,222)
Remeasurement effects	–	3,217	–	105	–	(1,195)	2,127
Unused amounts reversed	–	–	(38)	–	(377)	(221)	(636)
Total other provisions at end of year	4,600	26,600	1,047	1,530	406	1,120	35,303
2024							
At beginning of year	4,600	22,500	404	1,539	7,931	5,474	42,448
Additional provisions	–	6,695	509	–	–	2,100	9,304
Amounts used (payments)	–	(5,215)	(341)	–	(3,022)	(1,663)	(10,241)
Remeasurement effects	–	(580)	–	(114)	–	–	(694)
Unused amounts reversed	–	–	–	–	(3,683)	(380)	(4,063)
Total other provisions at end of year	4,600	23,400	572	1,425	1,226	5,531	36,754

Nature and purpose of provisions

Public liability and Workers Compensation - self-insurance

Self insurance provisions represent both (i) claims incurred but not reported and (ii) claims reported and estimated as a result of Council's being a self insurer up to certain levels of excess. Council has decided to self-insure for various risks, including public liability, workers compensation and professional indemnity. A provision for self-insurance has been made to

Notes to the Financial Statements

for the year ended 30 June 2025

C3-5 Provisions (continued)

recognise outstanding claims. Council also maintains cash and investments to meet expected future claims; refer to Note C1-3.

Superannuation

Council records its assets and liabilities in respect of a Pooled Fund comprising closed NSW public sector superannuation schemes. Council's liability (or asset) position at 30 June is advised by the Fund's actuary. An additional disclosure under the Defined Benefit Plans is set out below.

Provision for Rent Waivers

Other provisions incorporate a provision for rental waivers related to Covid-19 impacts on commercial property tenancies. Council applied the *the National Code of Conduct for commercial tenancies*, which was in effect until March 2021, and subsequently extended similar rental relief provisions beyond that time. As waiver eligibility is confirmed, property debts are adjusted, or in cases where tenants do not meet the requirements for rental waivers, the provision will be (partially) reversed to income.

Other

Other provisions include additional rental related provisions, reflecting anticipated credit notes to be issued to tenants in a future accounting period, and minor amounts related to fee incomes and expenditure recoveries.

Asset remediation

Asset remediation, reinstatement and restoration provisions represent the present value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations.

Defined Benefit Plans - additional disclosures

A) Multi-Employer Pooled Fund

Council participates in an employer sponsored Defined Benefit Superannuation Scheme that is a multi-employer plan.

a) Funding arrangements, including the method used to determine the rate of contributions and any minimum funding requirements.

Pooled employers are required to pay standard employer contributions and past service employer contributions to the Fund.

The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current future service employer contribution rates are:

Division B	1.9 times member contributions for non-180 Point Members; nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times member contributions

**For 180 Point Members, Employers are required to contribute 9.5% from 1 July 2025 of salaries to these members' accumulation accounts in line with current level of SG contributions, which are paid in addition to members' defined benefits.*

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June. Given the funding position of the Fund as at 30 June 2024, it was recommended to cease these past service contributions effective 1 January 2025.

The adequacy of contributions is assessed at each actuarial investigation which will be conducted annually, the next of which is due effective 30 June 2025.

b) a description of the extent to which the entity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan.

As stated above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

Notes to the Financial Statements

for the year ended 30 June 2025

C3-5 Provisions (continued)

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

c) Description of any agreed allocation of a deficit or surplus on:

(i) wind-up of the plan

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

(ii) entity's withdrawal from the plan

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

d) Given the entity accounts for that plan as if it were a defined contribution plan in accordance with paragraph 34, the following information:

(i) the fact that the plan is a defined benefit plan. We confirm the plan is a defined benefit plan.

(ii) why sufficient information is not available to enable Council to account for the plan as a defined benefit plan.

- (1) Assets are not segregated within the sub-group according to the employees of each sponsoring employer;
- (2) The contribution rates have been the same for all sponsoring employers and have not varied for each employer according to the experience relating to the employees of that employer. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer;
- (3) Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and
- (4) The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors set out above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by the members). As such there is insufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would be for a single employer sponsored defined benefit plan. Paragraph 34 of AASB 119 therefore applies, with the disclosures herein reflecting the requirements of paragraph 148 of AASB 119.

(iii) the expected contributions to the plan for the next annual reporting period.

The expected contributions by Council to the Fund for the next annual reporting period are \$597,622.20.

(iv) information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2025 is:

Defined Benefit reserves only (excluding other accumulation amounts in both assets and liabilities)	\$M	Asset Coverage
Assets	2,197.6	
Past Service Liabilities	2,092.0	105.0%
Vested benefits	2,130.4	103.2%

The key economic long-term assumptions used to calculate the present value of accrued benefits are:

Investment return	6.0% p.a.
Salary inflation (plus promotional increases)	3.5% p.a.
Increase in CPI	2.5% p.a.

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all relevant information have been received by the Fund's Actuary, the final end of year review will be completed by December 2025.

(v) an indication of the level of Council's participation in the plan compared with other participating entities.

Council's participation in the Scheme compared with other entities is about 5.35%, based on the Council's current level of annual past service contributions of \$1.843M against total contributions of \$20.0M. Given the funding position of the Fund as at 30 June 2024, it was recommended that these past service contributions cease effective 1 January 2025. The last valuation of the Fund was performed by Mr Richard Boyfield, FIAA as at 30 June 2024.

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

C3-5 Provisions (continued)

B) Defined Benefit Pooled Fund

Council participates in a Pooled Fund comprising closed NSW public sector superannuation schemes.

Nature of the benefits provided by the fund:

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS)

The schemes are all defined benefit schemes with a component of the final benefit being derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement or withdrawal. All the Schemes are closed to new members. Council records its net assets/liabilities in respect of this Pooled Fund in accordance with the requirements of AASB 119 Employee Entitlements (refer to Note C3-5 - Provisions - Superannuation) as the funds assets/liabilities are not material in relation to Council's total assets and liabilities.

Material accounting policy information

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation Surplus

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments and decrements in the revaluation of Council-owned infrastructure, property, plant and equipment.

Trust assets reserves

The Trust Assets Reserve represents the total fair value of trust land assets (such as Crown Reserve Trusts and land parcels owned by third parties) that have come under the management control of Council at no acquisition cost and which have subsequently been revalued to fair value. These assets are owned by external entities (including State and Federal Governments) and are effectively controlled by the City as custodians or Reserve Trust manager.

D Council structure

D1 Financial result and financial position by fund

Council utilises only a general fund for its operations.

D2 Interests in other entities

Council has no interest in any controlled entities, joint arrangements or associates.

D3 Discontinued operations

Council has not classified any of its operations as 'discontinued'.

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including (1) price risk, (2) credit risk, (3) liquidity risk and (4) interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council. Financial risk management is carried out by Council's Chief Finance Office under policies approved by the Council. Council does not engage in material transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2025	Carrying value 2024	Fair value 2025	Fair value 2024
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	59,230	65,735	59,231	65,735
Receivables	96,662	78,431	96,662	78,431
Investments				
– Debt securities at amortised cost	705,750	700,600	707,572	702,288
Contract assets	17,560	16,736	17,560	16,736
Total financial assets	879,202	861,502	881,025	863,190
Financial liabilities				
Payables	195,685	118,506	195,685	118,506
Lease liabilities	10,767	11,072	10,767	11,072
Total financial liabilities	206,452	129,578	206,452	129,578

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables, lease liabilities** – carrying value is estimated to approximate fair value.
- **Investments measured at amortised cost** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.

Notes to the Financial Statements

for the year ended 30 June 2025

E1-1 Risks relating to financial instruments held (continued)

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. Council's Chief Finance Office manages the cash and investments portfolio.

Council has an investment policy which complies with the Local Government Act 1993 section 625 and Minister's investment order. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers from time to time, when considering certain investment opportunities.

(a) Market risk – interest rate and price risk

\$ '000	2025	2024
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The impact on the result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

Impact of a 1% movement in interest rates

– Equity / Income Statement	7,622	7,641
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(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees, rental debtors and future works in kind contributions receivable.

The main risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. There are no significant concentrations of credit risk, other than Council has significant credit risk exposures in its local area given the nature of the business.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

Council makes suitable provision for expected credit losses as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

Credit risk profile

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2025

E1-1 Risks relating to financial instruments held (continued)

Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

\$ '000	Not yet overdue	overdue rates and annual charges < 5 years	≥ 5 years	Total
2025				
Gross carrying amount	(1)	8,806	145	8,950
2024				
Gross carrying amount	–	8,586	100	8,686

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2025 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days	Overdue debts 31 - 60 days	61 - 90 days	> 91 days	Total
2025						
Gross carrying amount	91,854	8,390	817	600	10,612	112,273
Expected loss rate (%)	0.00%	1.50%	0.75%	40.27%	62.45%	6.24%
ECL provision	–	126	6	242	6,627	7,001
2024						
Gross carrying amount	65,361	13,178	39	1,450	13,282	93,310
Expected loss rate (%)	0.00%	2.29%	6.80%	31.68%	45.66%	7.32%
ECL provision	–	302	3	459	6,065	6,829

(c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting. Refer to C2-1(b) for lease liabilities.

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

E1-1 Risks relating to financial instruments held (continued)

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2025							
Payables	0.00%	25,702	169,983	–	–	195,685	195,685
Total financial liabilities		25,702	169,983	–	–	195,685	195,685
2024							
Payables	0.00%	28,037	90,469	–	–	118,506	118,506
Total financial liabilities		28,037	90,469	–	–	118,506	118,506

E2-1 Fair value measurement

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Investment property

For the comparative period shown, Council measured the following assets at fair value on a non-recurring basis:

- Non-current assets classified as 'held for sale'

Those assets classified as held for sale represent expected sales of property where a financial offer has been accepted and/or settlement is expected within the next 12 months. The assets were transferred from the Operational Land class, having been most recently revalued on a basis consistent with those classes.

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Details of the asset and liability classes measured and recognised by Council at fair value are shown on the following pages.

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

E2-1 Fair value measurement (continued)

Recurring fair value measurements

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2025	2024	2025	2024	2025	2024
Investment property	C1-9						
Investment property portfolio		551,793	530,878	–	–	551,793	530,878
Total investment property		551,793	530,878	–	–	551,793	530,878
Infrastructure, property, plant and equipment (IPP&E)	C1-8						
Plant and equipment		–	–	47,586	39,343	47,586	39,343
Office equipment		–	–	9,179	8,686	9,179	8,686
Furniture and fittings		–	–	4,436	5,915	4,436	5,915
Operational land		2,402,563	1,981,153	115,500	136,904	2,518,063	2,118,057
Community land		–	–	3,553,019	2,912,723	3,553,019	2,912,723
Crown and third party owned land		–	–	3,852,695	3,649,586	3,852,695	3,649,586
Land under roads (post 30/6/2008)		–	–	180,657	178,440	180,657	178,440
Open space		–	–	362,111	359,632	362,111	359,632
Buildings – non specialised		560,531	596,068	1,292,269	1,256,220	1,852,800	1,852,288
Buildings – specialised		–	–	41,998	43,393	41,998	43,393
Other structures – trees		–	–	182,559	176,397	182,559	176,397
Other structures – signs		–	–	27,677	27,340	27,677	27,340
Other structures – poles & lights		–	–	206,510	92,554	206,510	92,554
Roads, bridges, footpaths, kerbs		–	–	1,627,584	1,594,511	1,627,584	1,594,511
Stormwater drainage		–	–	389,490	382,383	389,490	382,383
Heritage collections		–	–	9,934	9,816	9,934	9,816
Library books		–	–	1,697	1,601	1,697	1,601
City art		–	–	60,810	61,442	60,810	61,442
Total IPP&E		2,963,094	2,577,221	11,965,711	10,936,886	14,928,805	13,514,107

Non- recurring fair value measurements

Non-current assets classified as held for sale

	C1-7						
Land		200,597	192,817	–	–	200,597	192,817
Total NCA's classified as held for sale		200,597	192,817	–	–	200,597	192,817

Transfers between level 1 and level 2 fair value hierarchies

No transfers occurred between level 1 and level 2 fair value hierarchies during the year.

Valuation techniques

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

Notes to the Financial Statements

for the year ended 30 June 2025

E2-1 Fair value measurement (continued)

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Investment properties

Fair value of investment properties is estimated based on appraisals performed by an independent and professionally qualified property valuer. The valuer applied the Market or Income approach, as appropriate, in valuing the properties.

The **Market approach** was used for commercial properties where the relevant inputs were able to be observed from current market evidence.

The value of commercial investment buildings is dependent upon the cash flows generated from those buildings. Accordingly, these were valued using the **Income approach**. Key inputs to valuation included market rental yields and estimates of future demand. Both were based on an analysis of current market rental data but did require the exercise of professional judgement by the valuers.

The commercial buildings have been generally derived using a combination of sales direct comparison approach and capitalisation of income approach. Fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size and taking into account current rental yields, vacancy rates and price per square metre.

Infrastructure, property, plant and equipment (IPPE)

Plant & Equipment, Office Equipment, Furniture & Fittings, Library Resources

The Cost Approach is used for these asset classes, based on depreciated original cost representing fair value. The assets are primarily for operational purposes and are not of a nature where valuation increments are likely. Gross value is adjusted by depreciation representing the wear and tear of the assets based on the estimated useful life of the asset. The valuation process is conducted by Council staff.

Buildings (Specialised and Non-Specialised)

Comprehensive valuations of all building assets were undertaken by an external, qualified valuer (Australia Pacific Valuers Pty Ltd (APV) in 2024/25), in compliance with AASB 13 Fair Value Measurement. Depending upon the unique circumstances of the building asset and other structure, each has been valued using a range of approaches:

- Market approach: applied where there is a principal market which provides observable evidence of the Fair Value of the asset.
- Income approach: utilised for assets where the income generating capability of the asset provides the best estimate of the assets' Fair Value.
- Cost approach: used for assets which are not income-generating and/or for which comparable sales evidence does not exist. These assets, largely within Specialised Buildings, have a particular use for delivery of services (e.g. grandstands, amenities blocks).

The valuations are based on a range of inputs. Some inputs may be gathered at a high level prior to application of inputs at the Asset or Component Level. Inputs to the valuation supported by observable evidence obtained via inspection and market evidence have been classified as Level 2 inputs. These include sales data, market and current rental income data, design and construction costs, average cost of construction, condition and consumption scores for each component as well as the dates of acquisition and decommissioning.

The unobservable inputs (such the relationship between condition and the assessed level of remaining service potential of the depreciable amount required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

Operational Land

Fair value of this asset class is estimated based on appraisals performed by an independent and professionally qualified property valuer in 2024/25. Land valuations take into consideration the characteristics of the land, such as size, zoning, topography, configuration etc. Depending upon the unique circumstances of each lot, land has been valued using one of the following approaches:

- Direct comparison to sales approach: The most widely used approach. Recent sales of similar properties are utilised as indicative of value, with site-specific characteristics allowed for.

Notes to the Financial Statements

for the year ended 30 June 2025

E2-1 Fair value measurement (continued)

- Value to an Adjoining Owner approach: in limited cases where there is no open market for a parcel, it may hold commercial value to an adjoining land owner. Value is considered to be the difference between the value of the adjacent land parcel with and without the subject parcel being included.
- Nominal Value approach: sites with limited or no commercial utility (standalone or to adjacent owner) were valued at a nominal cost of acquisition (\$1,000).

The Value to an Adjoining Owner and Nominal Value approaches each incorporate unobservable inputs, however the majority of valuations for the class reflect Level 2 (observable) inputs.

Community Land (Council-owned)

Fair value of this asset class is estimated based on appraisals performed by an independent and professionally qualified property valuer in 2024/25. Land valuations take into consideration the characteristics of the land, such as size, zoning, topography, configuration etc. Land parcels were valued by APV in a manner consistent with Operational Land (as described above). Based on the unique circumstances of each lot, one of the following approaches was applied:

- Direct comparison to sales approach
- Hypothetical Development approach
- Value to an Adjoining Owner approach
- Nominal Value approach

The Hypothetical Development, Value to an Adjoining Owner and Nominal Value approaches all incorporate unobservable inputs. A significant unobservable input is a discount (25% reduction) applied to the land values, in recognition of the 'restrictions' associated with community land, in particular the lack of ability to sell the land or put it to an alternative purpose.

Crown and Third party owned Land (Council-controlled)

Consistent with the Office of Local Government Code of Accounting Practice and Financial Reporting, Crown Reserves under Council's care and control are recognised as assets of the Council. Fair value of this asset class is estimated based on appraisals performed by an independent and professionally qualified property valuer in 2024/25, with a further adjustment made to 'discount' these valuations (50% reduction) in order to reflect implicit restrictions associated with the land type (specifically, Council's lack of ownership interest and ability to sell the land or put it to an alternative purpose). This discount is an unobservable input, applied to the observable inputs used by the external valuer (consistent with the Operational and Community Land classes).

Land Under Roads (post 30/06/2008)

Council utilises the 'englobo' valuation methodology for Land Under Roads, as allowable under the Office of Local Government Code of Accounting Practice and Financial Reporting. The approach utilises the average land valuation rate from the NSW Valuer-General for the Local Government Area, and applies a 90% 'discount' to reflect the restrictions' inherent to land under roads (in particular, the difficulty associated with sale or transfer). Following the comprehensive revaluation of Land Under Roads in 2022/23, an annual interim valuation adjustment was made in 2023/24, to reflect indicative movements in NSW Valuer General valuations within the Local Government Area.

Infrastructure – Roads, Bridges, Footpaths, Stormwater Drainage, Signs, Poles & Lights

Fair value of these asset classes is determined on the current replacement cost (CRC) approach, being the amount that would be required to replace the current service capacity of an asset. CRC is determined with reference to current third party asset works contracts and the assessed remaining service potential of the assets. Signs and Poles & Lights were revalued in 2024/25. The valuation calculation was compiled by council staff using updated unit rates, asset quantities, and condition assessments. Key data inputs include updated unit rates based on the new major Civil Works Contract commenced in 2024/25, as well as asset quantities and condition data collected by the new public lighting and electrical maintenance contractor, also commenced in 2024/25. The remaining infrastructure asset classes were revalued in 2021/22. Key data inputs informing valuation calculations – including asset quantities, materials and conditions – were compiled by Council staff, utilising external consultant reports where available.

Since the last comprehensive revaluation, annual interim valuation adjustments have been applied to reflect indicative movements in CRC. In prior years, interim adjustments were based on annual uplift % applied to major construction service contracts. The new Major Civil Works Contract commenced in the 2024/25 financial year. During the transition between contracts, no uplift was applied to the rates under the expired contract. The new contract was established to deliver a small number of preliminary works in 2024/25. Accordingly, ABS indices 6427017-3101 Road and bridge construction New South Wales (Roads Bridges, Footpaths) and 6427017-3109 Other heavy and civil engineering construction Australia (Stormwater Drainage) were used as the basis for interim revaluation adjustments in 2024/25.

Notes to the Financial Statements

for the year ended 30 June 2025

E2-1 Fair value measurement (continued)

Open Space & Recreational Assets

Fair value of these asset classes is determined on the current replacement cost approach substantially based on replacement costs determined with reference to current third party asset replacement contracts. These standard unit rates are a significant unobservable input and reflect an estimate determined by internal staff. An additional estimate relates to the assessed condition of assets, which is used to determine the expected remaining useful life (and accordingly the accumulated depreciation) of assets. Gross replacement cost less accumulated depreciation is considered to reflect fair value. The Open Space asset class was comprehensively revalued on this basis at 30 June 2021. Since the previous comprehensive revaluation, annual interim valuation adjustments have been made, to reflect annual % movements in contractual unit rates for asset construction.

Trees

Fair value of these asset classes is determined on the current replacement cost approach based on replacement costs determined with reference to current third party asset replacement contracts. This incorporates the supply cost, cost of associated base/planting works and establishment costs associated with the initial period after planting. Valuations are undertaken by Council staff. The Trees asset class was comprehensively revalued on this basis at 30 June 2022. Since the previous comprehensive revaluation, annual interim revaluation adjustments have reflected annual % movements in contractual unit rates.

Heritage Collections and City Art

Fair value of these asset classes are estimated based on appraisals performed by independent and professionally qualified valuers. These assets are considered to be 'specialised' in nature, and accordingly depreciated replacement cost is utilised as the methodology to determine fair value, consistent with previous revaluations. Replacement cost estimates incorporate unobservable inputs, being an estimated amount that one would expect to pay for the same or similar item in a retail setting from a reputable merchant, or the cost to rebuild/replace with an equivalent asset at the date of valuation. Both asset classes were comprehensively revalued at 30 June 2021. Due to the specialised nature of these assets and their relatively long lives, fair value is not considered to have changed materially from the valuations obtained at the previous comprehensive revaluation.

Non-current assets classified as 'held for sale'

The assets classified as 'held for sale' at 30 June 2025 comprised only Operational Land, based on divestment status at balance date. Valuation techniques for Operational Land are consistent with those described above.

Highest and best use

The following non-financial assets of Council are being utilised in a manner that does not generate commercial revenue:

Community based assets

Council undertakes a number of services with the intention of providing community benefits to residents, workers and visitors. These services are based meeting essential community needs and are not of a nature that would be provided in a commercially competitive environment.

Land under the asset class includes Crown land (and other third-party owned land) under Council's care and control as well as Council-owned land that has been classified as community land under the provisions of the Local Government Act 1993. Furthermore, Council has a number of buildings that are applied in delivering community services. The restrictions on the land and the community use of the buildings in delivering community based services is considered to be the 'highest and best use' of those assets to Councils.

Land Under Roads

Land holdings under the Land Under Roads asset class comprise parcels of land acquired by (or dedicated to) Council after 30 June 2008. The englobo methodology applied to valuations is intended to reflect the inherent restriction on land that is used for the purpose of roads. The continued use of this land for the purposes of road, footpath, cycleway and stormwater drainage (as applicable) is considered to be 'highest and best use'.

Notes to the Financial Statements

for the year ended 30 June 2025

E3-1 Contingencies

ASSETS/LIABILITIES NOT RECOGNISED

1. Potential benefits to Council/Potential claims from contractual disputes

At balance date, Council is not involved in any legal matters expected to result in either material financial benefit or material financial loss.

2. Self insurance – Workers Compensation

Council has decided, on the basis of proper risk management practices, to carry its own insurance in regard to worker's compensation. A provision for self insurance has been made to recognise outstanding claims, based on actuarial recommendation, the amount of which is detailed in Note C3-5.

As a self-insurer, Council is required to lodge a bank guarantee with the State Insurance Regulatory Authority (SIRA). At 30 June 2025, a bank guarantee for \$23.8M was held by the SIRA.

All other insurance risks, including workers compensation claims above \$600,000 for those received prior to 31 March 2022 and above \$1,000,000 for those received after that date, are covered by external companies. Note that a new insurance cover was contracted from 1 April 2022. The higher excess is reflective of recent market changes.

3. Infringement Notices/Fines

Fines & Penalty Income, resulting from Council issuing Infringement Notices, is followed up and collected by the State Debt Recovery Office. Council's Revenue Recognition policy for such income is to account for it as revenue when the penalty is applied to the extent of expected recovery rates (determined in accordance with past experience).

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid Infringement Notices that are in excess of the accrued revenue recognised in the accounts.

Due to the limited information available on the status and duration of outstanding Notices, Council is unable to reliably determine the full value of outstanding income.

4. Proposed Land Transfers between NSW Government Authorities and Council

Council has previously agreed to proceed with a transfer of public assets from NSW State Government Agencies. Certain parcels of land have transferred to Council by agreement with the relevant NSW State Government agencies in recent financial years, reflected as non-cash contributions income as applicable. The completion of the remaining transfers of assets is subject to the fulfilment of specific conditions. The value of these assets cannot be quantified at this time, as they are subject to assessment of age and condition at the time of transfer.

5. Superannuation – Defined Benefits Schemes

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefit, as defined in the Trust Deed, as they accrue.

Council has an ongoing obligation to share in the future rights and liabilities of the Scheme. Favourable or unfavourable variations may arise should the financial requirements of the Scheme differ from the assumptions made by the Scheme's actuary in estimating the accrued benefits liability. Further disclosure relating to defined benefits schemes is shown at Note C3-5.

6. Developer Contributions Plans and Planning Agreements

Council levies infrastructure contributions upon various development across the Council area through the requisite Contributions Plans (Section 7.11, 7.12 and 61) and through Voluntary Planning Agreements (VPAs; Section 7.4).

As part of these Plans and VPAs, Council has received funds which are required to be expended only for the purposes for which they were levied (per the respective plans and VPAs). These Plans also indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or, where a shortfall exists, by the use of Council's General Funds.

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

E3-1 Contingencies (continued)

These future expenditures do not yet qualify as liabilities as at Reporting Date, but represent Council's intention to spend funds in the manner and timing set out in those Plans.

Planning Agreements may also make provision for the future delivery of public benefits to Council, and/or dedication as community assets. The delivery of these assets remains contingent upon the developers actioning consent and they are not raised as receivable assets until all contingencies expire.

7. Heritage Floor Space - Council Properties

Changes to the Sydney Development Control Plan (2012) made by Council may result in the award of Heritage Floor Space (HFS) to Council, subject to:

- a) Council, in its capacity as property owner, making application for the award of HFS on an eligible building
- b) That application being assessed by Council, in its capacity as statutory authority, as meeting the relevant criteria to allow award of HFS

During 2022/23 financial year, additional HFS awarded in respect of Council-owned property was registered, as reflected in *Note B2-3 - Other Revenue* and *Note C1-10 - Intangible Assets* comparative year totals. Further awards on Council-owned properties are possible in future periods, subject to the assessment of any applications submitted.

At the time of recognition, valuation of any HFS awarded to Council relies upon on available market evidence of recent sales by holders of HFS to developers.

8. Alternative Heritage Floor Space Allocation Scheme

Under Council's Alternative Heritage Floor Space Allocation Scheme, developers provide a bank guarantee (or security deposit) for an agreed sum, to enable projects to proceed where the requisite Heritage Floor Space (HFS) allocation has yet to be secured. Should the heritage floor space allocation not be secured by the developer at a specific date, the guarantee will be claimed by Council, or a monetary payment made to Council for the equivalent value. Once received, these funds are held as restricted assets, pending subsequent utilisation.

At balance date, performance bonds were held by Council for three development sites (totalling \$12.2M), pending developers' attempts to acquire heritage floor space via market transactions. A partial or full claim on the guarantees may be made at a future date, should the respective developers fail to secure the required HFS. Where the required HFS is secured, the guarantee/s will be returned and no monetary payment by the developer/s will be required. To date, the City has received payment for nineteen developments where HFS was not secured within the requisite timeframe (\$79.2M received to date). Amounts received via the Alternative Heritage Floor Space Allocation Scheme are held as restricted cash in the Heritage Conservation Fund (refer Note C1-3). A corresponding liability amount, reflecting unearned revenue, is held until suitable projects are identified to utilise the Heritage Conservation Fund in the delivery of heritage renewal projects within Central Sydney. \$6.3M of eligible project expenditure was undertaken in 2024/25 financial year, resulting in a Heritage Conservation Fund balance of \$68.7M as at 30 June 2025. A further \$14.6M of eligible restoration project expenditure is budgeted in 2024/25, with additional projects identified over the life of Council's Long Term Financial Plan that will utilise the balance of the Heritage Conservation Fund over the next 10 years.

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

F1-1 Key management personnel (KMP) (continued)

\$ '000	2025	2024
Compensation:		
Short-term benefits	3,450	3,345
Post-employment benefits	452	481
Total	3,902	3,826

The compensation amounts above relate to non-Councillor Key Management Personnel. Annual expenses related to Lord Mayoral and Councillor fees are shown at Note F1-2 below.

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. payment of rates, access to library or Council swimming pool by KMP) will not be disclosed.

During the 2024/25 financial year, Council made three payments to an entity related to a Key Management Personnel (KMP). The KMP holds a directorship. These included a \$10,000 donation for food support and two grants totalling \$60,000, for which the organisation acted as an auspice on behalf of community applicants who were not incorporated entities. As each of these payments meets the policy materiality threshold, disclosure is made in accordance with Council's related party disclosure policy and materiality assessment framework. All transactions were conducted at arm's length and in accordance with Council's policies and procedures.

F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2025	2024
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Councillor expenses – Mayoral fee	246	238
Councillors' fees	430	434
Other Councillors' expenses (including Mayor)	206	247
Total	882	919

F2 Other relationships

F2-1 Audit fees

\$ '000	2025	2024
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms.

Auditors of the Council - NSW Auditor-General:

Audit and review of financial statements	312	331
Remuneration for audit and other assurance services	312	331
Total Auditor-General remuneration	312	331

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of Operating Result

\$ '000	2025	2024
Net operating result from Income Statement	133,462	147,921
Add / (less) non-cash items:		
Depreciation and amortisation	130,214	123,938
(Gain) / loss on disposal of assets	6,568	(17,242)
Non-cash capital grants and contributions	(36,340)	(40,999)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	(26,418)	(12,253)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	(18,403)	9,552
Increase / (decrease) in provision for impairment of receivables	172	2,095
(Increase) / decrease of inventories	–	1
(Increase) / decrease of other current assets	(470)	(1,856)
(Increase) / decrease of contract asset	(819)	(191)
Increase / (decrease) in payables	(9,014)	5,409
Increase / (decrease) in other accrued expenses payable	(737)	1,578
Increase / (decrease) in other liabilities	82,512	(379)
Increase / (decrease) in contract liabilities	(3,228)	(2,151)
Increase / (decrease) in employee benefit provision	5,587	4,621
Increase / (decrease) in other provisions	(1,453)	(5,695)
Net cash flows from operating activities	261,633	214,349

(b) Non-cash investing and financing activities

Developer contributions 'in kind'	30,263	4,017
Other dedications and non-cash contributions	6,077	36,982
Total non-cash investing and financing activities	36,340	40,999

G2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2025	2024
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	65,697	33,431
Infrastructure – Roads, Bridges, Footways, Kerb and Gutter	87,108	100,429
Open Space	36,387	5,473
Plant and equipment	2,611	7,877
Public Art	815	1,602
Stormwater Drainage	8,420	5,186

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

G2-1 Commitments (continued)

\$ '000	2025	2024
Other	7,526	5,979
Total commitments	208,564	159,977
These expenditures are payable as follows:		
Within the next year	151,248	115,907
Later than one year and not later than 5 years	57,272	40,729
Later than 5 years	44	3,341
Total payable	208,564	159,977

G3-1 Events occurring after the reporting date

Council is unaware of any material or significant ‘non-adjusting events’ that should be disclosed.

G4 Changes from prior year statements

G4-1 Changes in accounting policy

Council needs to enter custom non applicable text here : Changes in accounting policy.

G4-2 Correction of errors

Council made no correction of errors during the current reporting period.

G4-3 Changes in accounting estimates

Council made no changes in accounting estimates during the year.

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

G5 Statement of developer contributions

G5-1 Summary of developer contributions

	at 1/07/2024				as at 30/06/2025				
	Opening Balance	Contributions Received			Interest earned in year	Expenditure/asset received during year	Internal Borrowing to/(from)	Held as restricted asset ⁶	Cumulative internal borrowings (owed)/repayable
\$ '000		Cash	Non-cash Land	Non-cash Other					
Community facilities	32	1,198	-	-	-	-	(1,198)	32	15,247
Open space	221	5,754	-	11,930	-	(7,291)	1,537	12,151	(32,480)
Stormwater drainage	2,229	339	-	10,516	-	-	(339)	12,745	21,157
Traffic and transport	913	783	-	-	-	(783)	-	913	(3,924)
Total section 7.11 revenue under plans¹	3,396	8,074	-	22,446	-	(8,074)	-	25,842	-
Section 7.4 planning agreements - public benefits ²	71,660	1,291	-	7,817	1,554	(17,844)	-	64,478	
Section 7.4 affordable housing ³	-	93,398	-	-	-	(17,241)	-	76,157	
Section 7.12 contributions ⁴	-	37,678	-	-	-	(37,678)	-	-	
Section 61 contributions ⁵	-	2,492	-	-	-	(2,492)	-	-	
Total contributions	75,056	142,933	-	30,263	1,554	(83,329)	-	166,477	-
<i>Comprising:</i>									
Cash contribution movement	46,668	143,102			1,554	(82,526)	-	108,798	-
Section 7.11	-	8,074			-	(8,074)	-	-	-
Section 7.4 - public benefits	46,668	1,460			1,554	(17,041)	-	32,641	
Section 7.4 - affordable housing	-	93,398			-	(17,241)	-	76,157	
Section 7.12	-	37,678			-	(37,678)	-	-	
Section 61	-	2,492			-	(2,492)	-	-	
Contribution receivable movement	28,388	(169)	-	30,263		(803)	-	57,680	
Section 7.11	3,396	-	-	22,446		-	-	25,842	
Section 7.12	-	-	-	-		-	-	-	
Section 7.4 - public benefits	24,992	(169)	-	7,817		(803)	-	31,838	
Total contributions	75,056	142,933	-	30,263	1,554	(83,329)	-	166,477	-

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

G5–1 Summary of developer contributions (continued)

Footnotes to the schedule

¹ Section 7.11 of the *Environmental Planning and Assessment Act 1979*. City of Sydney operates one section 7.11 contributions plan (the *City of Sydney Development Contributions Plan 2015*). Under this plan, Council levies contributions towards provision or improvement of amenities or services infrastructure associated with development. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

² Section 7.4 of the *Environmental Planning and Assessment Act 1979*.

³ Contributions for affordable housing are levied and collected through conditions of consent (or occasionally planning agreements), in accordance with the City of Sydney Affordable Housing Program. Contributions received through this program are distributed to community housing providers (CHPs), as detailed in the *Affordable Housing Contributions Distribution Plan*. The City recognises affordable housing contributions as a liability, pending distribution/s to CHPs. Accordingly, contributions are recognised as payables until remitted to the CHPs. In 2024/25, these amounts have been classified as externally restricted funds. The total receipts include \$2.268 million of the prior year's section 7.4 affordable housing contribution balance yet to be remitted to CHPs as at 30 June 2024.

⁴ Section 7.12 of the *Environmental Planning and Assessment Act 1979*. City of Sydney operates one section 7.12 plan (*Central Sydney Development Contributions Plan 2020*).

⁵ Section 61 of the *City of Sydney Act 1988*. Residual contributions are received for the *Central Sydney Development Contributions Plan 2013* - this plan was superseded by the section 7.12 plan.

⁶ Restricted assets comprise unspent cash contributions and works-in-kind/cash contributions receivable that have been secured by bank guarantee/security deposit.

G5–2 Voluntary Planning Agreements - public benefits

Planning agreements (also commonly referred to as VPAs) are voluntary agreements entered into by Council and a developer to deliver public benefits. These may include the dedication of land to Council, monetary contributions, public infrastructure, community facilities, affordable housing, other material public benefit/s or any combination of these. VPA documents detail the purpose for which monetary contributions are to be utilised. Council monitors receipts and expenditure by purpose, and any funds yet to be expended on nominated works are held as restricted assets.

Summary of VPA public benefit monetary contribution expenditure

\$ '000	2025	2024
Monetary contributions expended during year – by purpose:		
City North public domain masterplan (including public domain in Bridge/Loftus St vicinity)	13,000	1,000
Sydney University to Redfern Station public domain improvements	2,000	-
Community infrastructure	1,291	-
New roads, stormwater drainage and facilities in the Green Square Town Centre and Urban Renewal area	650	1,350
Business innovation space (George St) - fitout works and operating costs	100	5,600
New greenway and public park works, Rosebery	-	2,192
Broadway Gateways	-	170
Harbour Walk Public Art Program	-	50
Public Domain Enhancement in vicinity of Ralph St Alexandria	-	14
Total expenditure - VPA monetary contributions	17,041	10,376

Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2025

G5–2 Voluntary Planning Agreements - public benefits (continued)

Summary of Unspent VPA monetary contributions

\$ '000		2025	2024
Unspent Monetary Contributions (held as restricted cash) – by purpose (as described in the VPA):			
74	Business innovation space (George St) - fitout works and operating costs	8,203	7,912
	Upgrade of Intersection - Epsom and Link Roads Zetland	7,859	7,485
	Chippendale community facility(s)	4,449	4,237
	CBD Laneways (Dalley & Underwood) and surrounding public domain	3,630	3,457
	City North public domain masterplan (including public domain in Bridge/Loftus St vicinity)	1,606	14,530
	Macquarie Place upgrade	1,545	1,471
	New roads infrastructure in the Ashmore precinct, Erskineville	1,355	1,291
	Harbour Walk public art program	1,333	1,269
	New roads, stormwater drainage and facilities in the Green Square Town Centre and Urban Renewal area	1,115	1,264
	Sydney University to Redfern Station public domain improvements	986	2,939
	Stormwater works - Rushcutters Bay catchment	560	534
	Community infrastructure	-	280
Total - Unspent VPA monetary contributions		32,641	46,668

Council of the City of Sydney

General Purpose Financial Statements

for the year ended 30 June 2025

Independent Auditor's Reports:

Independent Auditor's Report

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

DRAFT

Council of the City of Sydney

Additional disclosures (unaudited)

for the year ended 30 June 2025

Statement of performance measures

Statement of performance measures – consolidated results

\$ '000	Amounts 2025	Indicator 2025	Indicators 2024	Indicators 2023	Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	2,655	0.34%	0.45%	4.78%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	771,999				
1a. Operating performance ratio (excluding non-recurrent income and expense items)					
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	15,541	2.01%	2.27%	4.60%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	771,998				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions ¹	756,347	85.62%	84.47%	79.83%	> 60.00%
Total continuing operating revenue ¹	883,330				
3. Unrestricted current ratio					
Current assets less all external restrictions ³	757,366				
Current liabilities less specific purpose liabilities ⁴	182,639	4.15x	4.99x	4.28x	> 1.50x
3a. Unrestricted current ratio (less internal and external restrictions)					
Current assets less all external and internal restrictions	565,491	2.49x	4.77x	3.62x	> 1.50x
Current liabilities less specific purpose liabilities ^{4,5}	227,211				
4. Debt service cover ratio					
Operating result before capital excluding interest and depreciation/impairment/amortisation	133,080				
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	530	251.09x	250.50x	328.85x	> 2.00x
5. Rates and annual charges outstanding percentage					
Rates and annual charges outstanding	9,520	2.21%	2.23%	2.00%	< 5.00%
Rates and annual charges collectable	430,808				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	588,230	9.98	10.93	12.04	> 3.00
Monthly payments from cash flow of operating and financing activities	58,913	months	months	months	months

Supplementary ratios for Operating Performance (adjusted for non-recurrent income and expense items) and Current Ratio (adjusted for external restrictions and internal allocations) are included at Note H1-1 and Note H1-2.

Additional disclosures (unaudited)

for the year ended 30 June 2025

Statement of performance measures – consolidated results (continued)

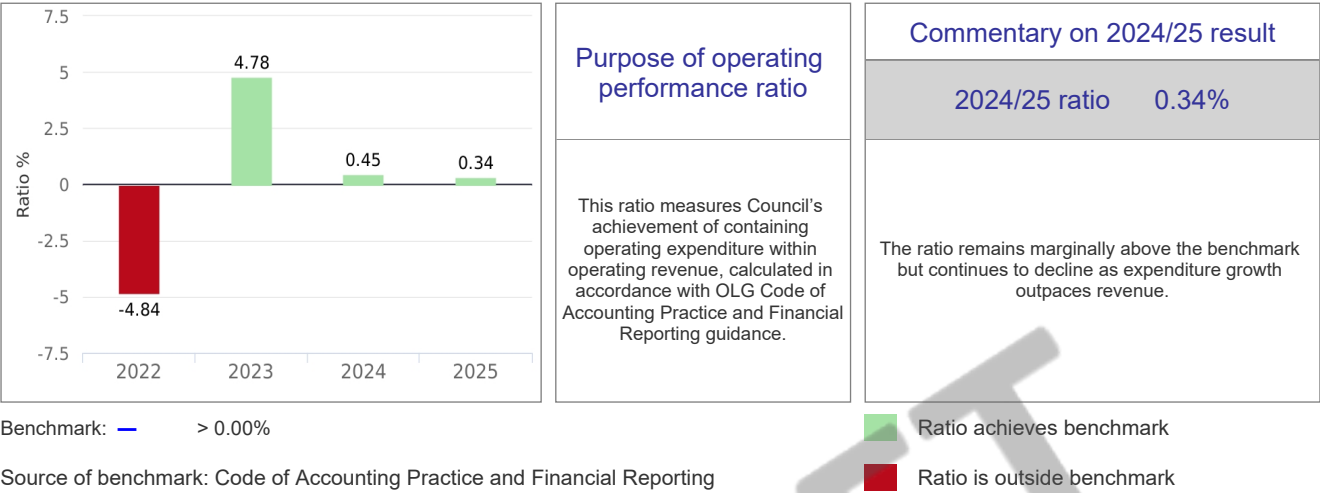
- (1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables and net gain on sale of assets using the equity method and includes pensioner rate subsidies
- (2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties and net loss on disposal of assets using the equity method
- (3) Refer Notes C1-1 to C1-7 and C1-11.
- (4) Refer to Notes C2-1 and C3-1 to C3-5.

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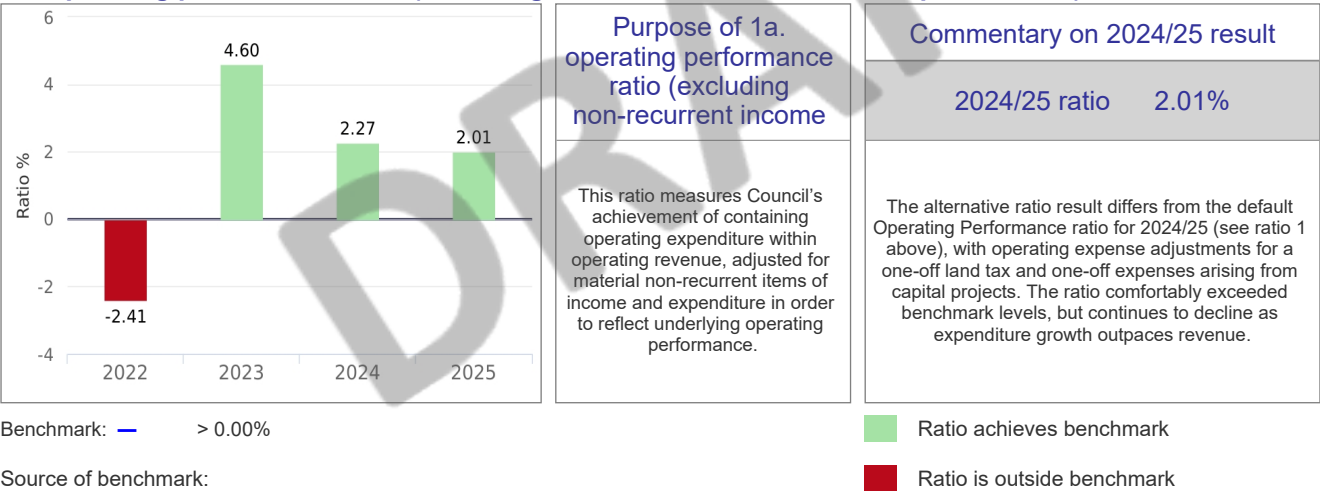
Additional disclosures (unaudited)
for the year ended 30 June 2025

Statement of performance measures – consolidated results (graphs)

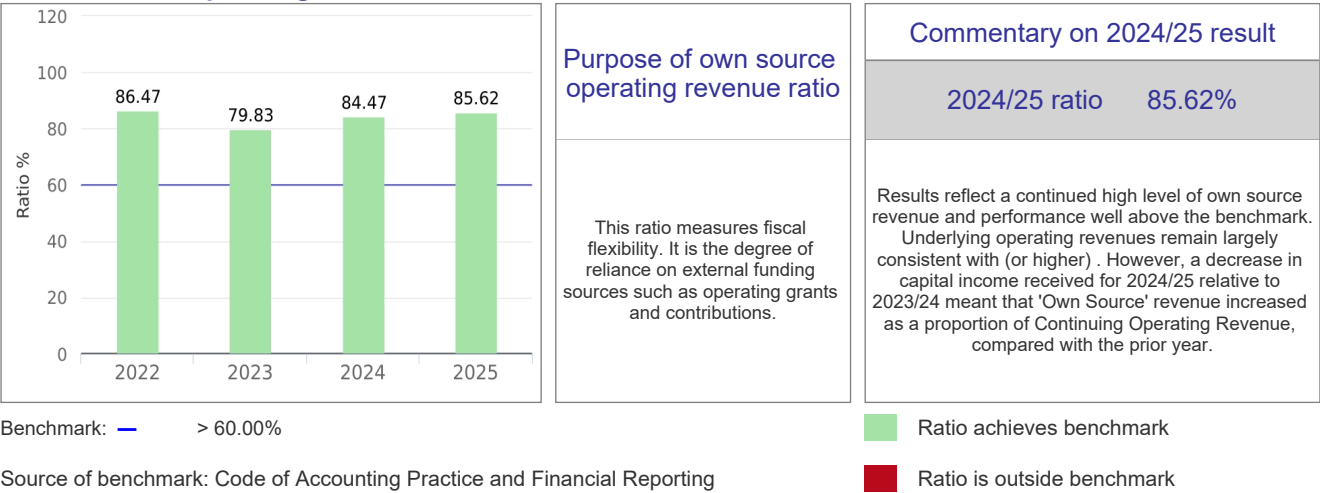
1. Operating performance ratio



1a. Operating performance ratio (excluding non-recurrent income and expense items)

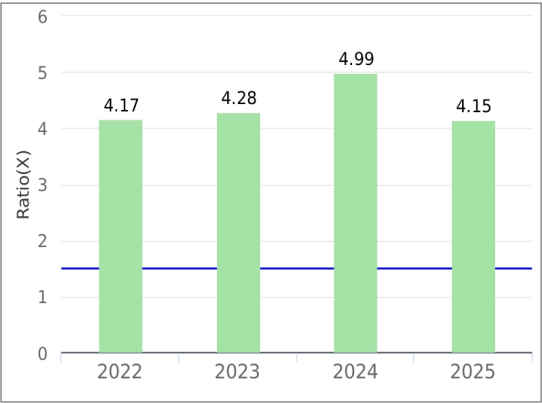


2. Own source operating revenue ratio



Statement of performance measures – consolidated results (graphs) (continued)

3. Unrestricted current ratio



Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

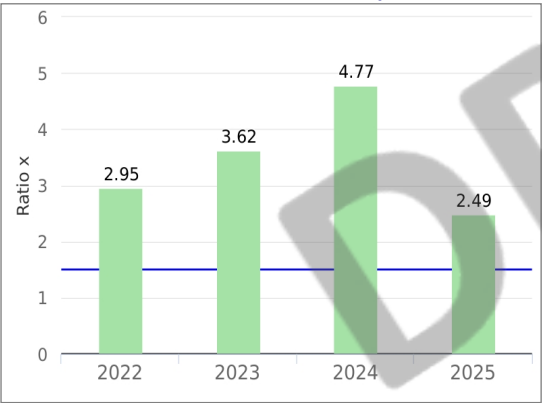
Commentary on 2024/25 result

2024/25 ratio 4.15x

Council significantly exceeds the ratio benchmark, indicating that short term financial obligations can be met comfortably as they fall due, after excluding externally restricted assets. The ratio for 2023/24 has been restated from 4.92 to 4.99 following the reclassification of approximately \$2.3 million in Affordable Housing contributions as restricted cash. This adjustment reduced current liabilities, resulting in an increase in the ratio.

- Ratio achieves benchmark
- Ratio is outside benchmark

3a. Unrestricted current ratio (less internal and external restrictions)



Benchmark: — > 1.50x

Source of benchmark:

Purpose of 3a. unrestricted current ratio (less internal and external restrictions)

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council, taking into consideration amounts restricted internally by Council.

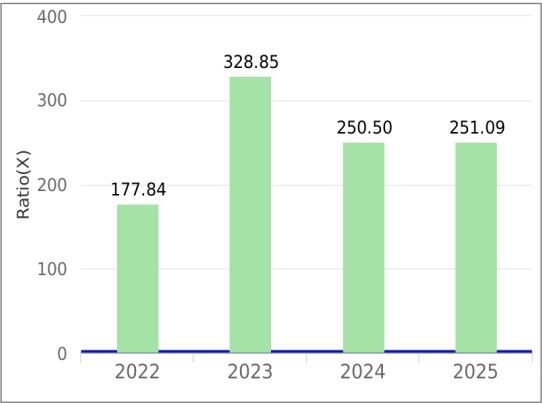
Commentary on 2024/25 result

2024/25 ratio 2.49x

Incorporating an additional layer of restrictions, as endorsed by Council, the ratio result indicates that Council is comfortably able to meet its short term financial obligations as they fall due after excluding all external and internal restrictions. The significant drop from 2023/24 is due to additional restriction of funds to align with updated project costs in the Green Square reserve.

- Ratio achieves benchmark
- Ratio is outside benchmark

4. Debt service cover ratio



Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2024/25 result

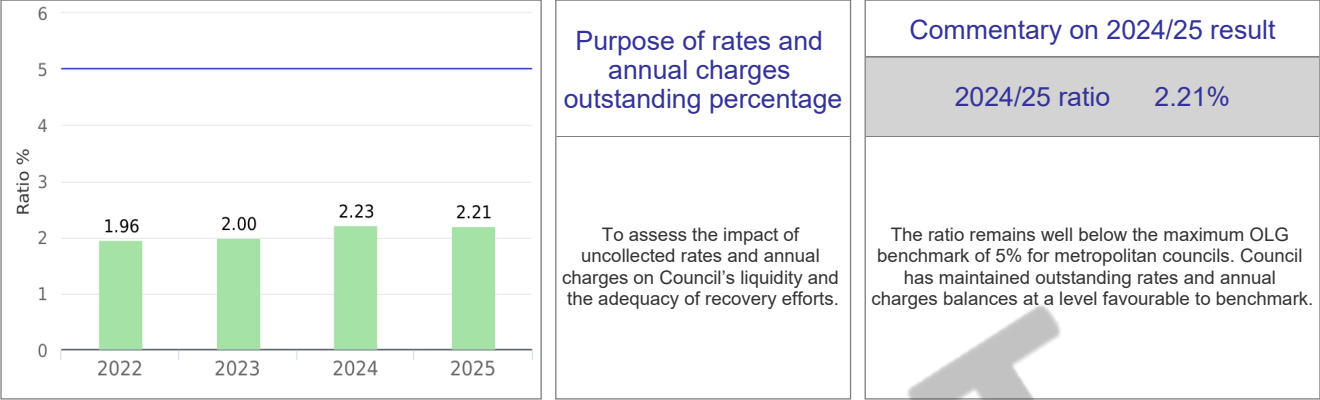
2024/25 ratio 251.09x

Council has remained debt-free for more than 20 years. The ratio result since 2019/20 reflects the implicit interest recognised in relation to a property lease, recognised in accordance with accounting standard AASB16. The substantially above-benchmark result reflects the immaterial scale of this notional interest expense.

- Ratio achieves benchmark
- Ratio is outside benchmark

Statement of performance measures – consolidated results (graphs) (continued)

5. Rates and annual charges outstanding percentage

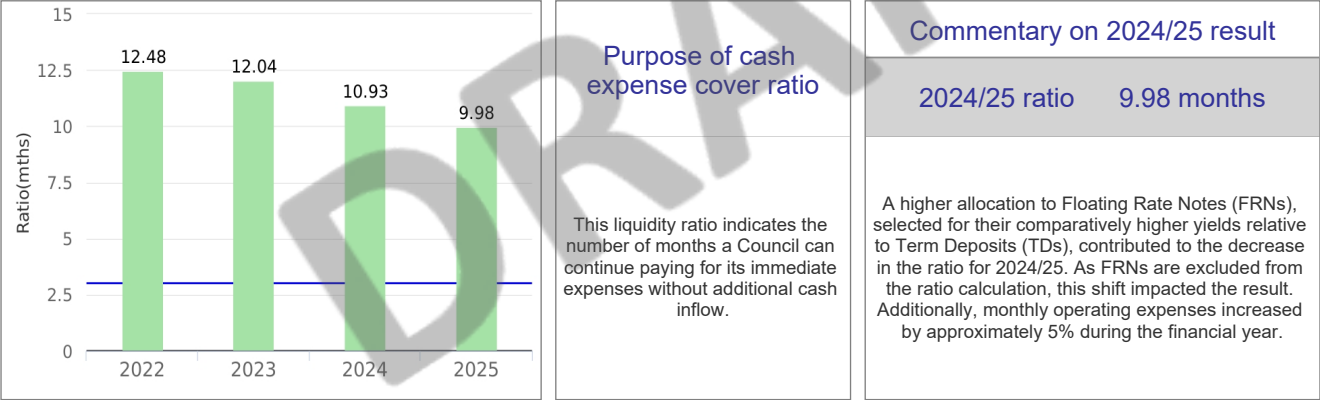


Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

- Ratio achieves benchmark
- Ratio is outside benchmark

6. Cash expense cover ratio



Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

- Ratio achieves benchmark
- Ratio is outside benchmark

Special Purpose Financial Statements



Annual Report
2024/25

Contents	Page
Statement by Councillors and Management	3
Special Purpose Financial Statements:	
Income Statement of Parking Stations	4
Statement of Financial Position of Parking Stations	5
Note – Material accounting policy information	6
Auditor's Report on Special Purpose Financial Statements	8

Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

Council of the City of Sydney

Special Purpose Financial Statements

for the year ended 30 June 2025

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached Special Purpose Financial Statements have been prepared in accordance with:

- the NSW Government Policy Statement ‘Application of National Competition Policy to Local Government’,
- the Division of Local Government Guidelines ‘Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality’,
- the Local Government Code of Accounting Practice and Financial Reporting,

To the best of our knowledge and belief, these statements:

- present fairly the operating result and financial position for each of Council’s declared business activities for the year, and
- accord with Council’s accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 27 October 2025.

Clover Moore

Lord Mayor

27 October 2025

[Councillor]

Councillor

27 October 2025

Monica Barone

Chief Executive Officer

27 October 2025

Jean-Michel Carriere

Responsible Accounting Officer

27 October 2025

Council of the City of Sydney

Income Statement of Parking Stations

for the year ended 30 June 2025

\$ '000	2025 Category 1	2024 Category 1
Income from continuing operations		
User charges	10,946	10,695
Other income	17	17
Total income from continuing operations	10,963	10,712
Expenses from continuing operations		
Employee benefits and on-costs	153	221
Materials and services	2,090	1,925
Depreciation, amortisation and impairment	1,170	1,169
Calculated taxation equivalents	134	126
Other expenses	2,136	3,747
Total expenses from continuing operations	5,683	7,188
Surplus (deficit) from continuing operations before capital amounts	5,280	3,524
Surplus (deficit) from continuing operations after capital amounts	5,280	3,524
Surplus (deficit) from all operations before tax	5,280	3,524
Less: corporate taxation equivalent (25%) [based on result before capital]	(1,320)	(881)
Surplus (deficit) after tax	3,960	2,643
Plus accumulated surplus	111,724	108,074
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	134	126
– Corporate taxation equivalent	1,320	881
Closing accumulated surplus	117,138	111,724
Return on capital %	8.2%	3.1%

Council of the City of Sydney

Statement of Financial Position of Parking Stations

as at 30 June 2025

\$ '000	2025 Category 1	2024 Category 1
ASSETS		
Current assets		
Receivables	141	210
Other	403	2
Total current assets	544	212
Non-current assets		
Infrastructure, property, plant and equipment	128,289	114,902
Inter-Entity Debtor	111,234	107,036
Total non-current assets	239,523	221,938
Total assets	240,067	222,150
LIABILITIES		
Current liabilities		
Payables	760	690
Employee benefit provisions	53	71
Provision other	—	2,100
Total current liabilities	813	2,861
Non-current liabilities		
Employee benefit provisions	15	20
Total non-current liabilities	15	20
Total liabilities	828	2,881
Net assets	239,239	219,269
EQUITY		
Accumulated surplus	117,137	111,724
Revaluation reserves	122,102	107,545
Total equity	239,239	219,269

Council of the City of Sydney

Material accounting policy information

for the year ended 30 June 2025

Note – Material accounting policy information

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993* (Act), the *Local Government (General) Regulation 2021* (Regulation) and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1 - business activities with gross operating turnover more than \$2 million

Parking Stations - Operation of the Goulburn Street and Kings Cross Parking Stations

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – **25%** (LY 25%)

Land tax – the first \$1,075,000 of combined land values attracts **0%**. For the combined land values in excess of \$1,075,000 up to \$6,571,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$6,571,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$1,200,000.

Material accounting policy information

for the year ended 30 June 2025

Note – Material accounting policy information (continued)

Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (LY 25%)

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 25% is the equivalent company tax rate prevalent at reporting date.

Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

(ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.16% at 30/6/25.

(iii) Dividends

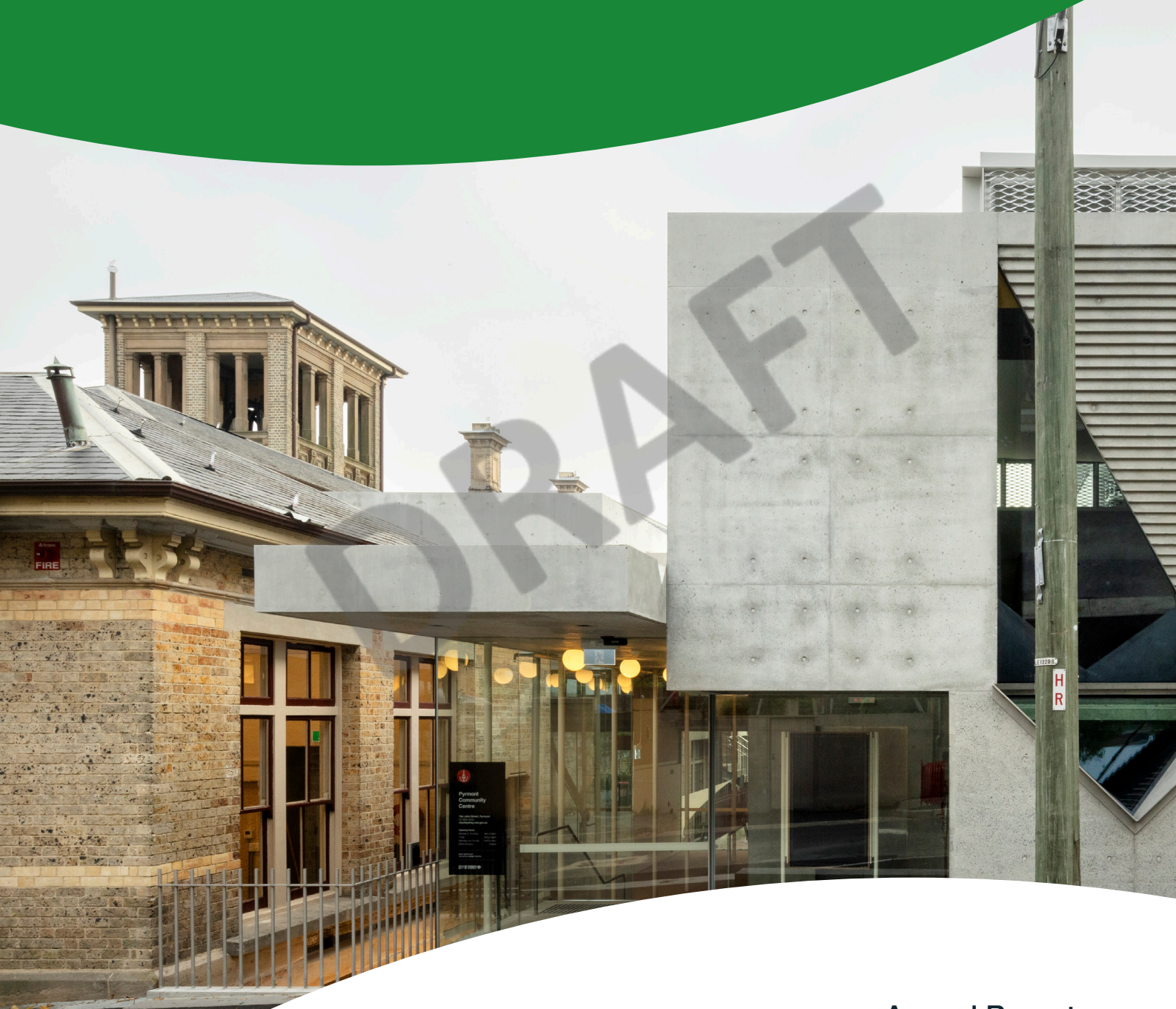
Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

END OF AUDITED FINANCIAL STATEMENTS

Please uplift Council's Audit Report PDF (opinion) for inclusion in the SPFS report (via the Home screen).

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Special Schedules



Annual Report
2024/25

Contents	Page
Special Schedules:	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2025	4

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Permissible income for general rates

\$ '000	Notes	Calculation 2024/25	Calculation 2025/26
Notional general income calculation ¹			
Last year notional general income yield	a	340,889	357,082
Plus or minus adjustments ²	b	(1,390)	4,997
Notional general income	c = a + b	339,499	362,079
Permissible income calculation			
Percentage increase	d	5.10%	4.10%
Plus percentage increase amount ³	e = d x c	17,314	14,845
Sub-total	f = (c + e)	356,813	376,924
Plus (or minus) last year's carry forward total	g	35	—
Sub-total	h=g	35	—
Total permissible income	i= (f + h)	356,848	376,924
Less notional general income yield	j	357,082	377,015
Plus one-off catch-up of previous years' shortfall	k	234	91

The Council has the accumulated balance of \$354,960 from the previous year shortfall in the general income. This can be used as a one-off catch-up in the future years under section 511 of the Local Government Act 1993.

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).

Special Schedule - Permissible income for general rates
for the year ended 30 June 2025

Please uplift Council's Audit Report PDF (opinion) for inclusion

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Council of the City of Sydney

Report on infrastructure assets as at 30 June 2025

33

Asset Class	Asset Category	Estimated cost to bring to the to bring assets agreed level of to satisfactory service set by standard ^a Council ^b		2024/25 Required maintenance ^c	2024/25 Actual maintenance ^c	Net carrying amount ^d	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings – non-specialised	29,638	67,726	49,354	48,468	1,852,800	2,746,089	4.6%	18.0%	65.0%	10.8%	1.6%
	Buildings – specialised ^e	5,400	7,026	2,884	2,871	41,998	74,266	10.5%	32.6%	26.2%	30.8%	(0.0%)
	Sub-total	35,038	74,752	52,238	51,339	1,894,798	2,820,355	4.8%	18.4%	64.0%	11.3%	1.5%
Roads	Sealed roads – surface	6,950	5,033	5,027	7,555	170,466	301,244	10.8%	33.0%	51.7%	4.2%	0.3%
	Sealed roads – structure	6,088	6,088	124	186	647,234	751,738	39.8%	42.4%	14.7%	2.1%	0.9%
	Bridges	1,316	644	103	155	74,814	106,977	34.0%	41.3%	20.8%	3.9%	0.0%
	Footpaths	16,714	6,673	4,204	6,319	476,859	818,336	20.4%	37.4%	40.1%	2.1%	0.2%
	Kerb and gutter	11,941	11,273	878	1,320	204,260	466,054	7.1%	42.4%	42.7%	7.2%	0.6%
	Other road infrastructure assets ^f	2,199	1,474	1,130	1,698	53,950	96,593	20.0%	54.1%	19.9%	2.8%	3.2%
	Sub-total	45,208	31,185	11,466	17,233	1,627,584	2,540,942	23.1%	40.1%	32.9%	3.4%	0.5%
Stormwater drainage	Stormwater drainage	5,227	7,000	3,298	1,701	389,491	566,856	24.9%	63.2%	8.3%	2.3%	1.3%
	Sub-total	5,227	7,000	3,298	1,701	389,491	566,856	24.9%	63.2%	8.3%	2.3%	1.3%
Open space / recreational assets	Open Space Assets	22,401	42,355	23,936	29,402	362,111	916,171	10.6%	22.9%	56.0%	9.1%	1.3%
	Sub-total	22,401	42,355	23,936	29,402	362,111	916,171	10.6%	22.9%	56.0%	9.1%	1.3%
Total – all assets		107,874	155,292	90,938	99,675	4,273,983	6,844,324	14.0%	30.8%	46.8%	7.3%	1.1%

Notes:

- a **Estimated Cost to Bring To Satisfactory Standard** per Office of Local Government Requirements, reflects the estimated cost to restore all Council assets to condition '3' or better. These cost (and asset condition) assessments remain highly subjective, as in previous years
- b **Estimated Cost to Bring to the Agreed Level of Service Set by Council** reflects the estimated cost to restore all assets assessed to be at a condition beneath Council's minimum service levels. These standards (i.e. target conditions) are detailed in Council's Asset Management Strategy, and reflect the strategy of maximising the consumption of assets' service potential before renewal works are undertaken.
- c Maintenance costs, per Office of Local Government Requirements, include both maintenance and (appropriate) operational costs
Required maintenance reflects amounts identified within Asset Management Plans for the respective classes, and equivalent expenditure types are included within the 'Actual' column.
- d Carrying Value reflects the asset value by class, per Note C1-8 of the General Purpose Financial Statements.
- e The proportion of Specialised Buildings assessed as condition 5 is distorted by the inclusion of the Sydney Park Brick Kilns, assessed to be in a "poor" condition. This asset represents a disproportionate share of the small 'Specialised Buildings' class.
- f 'Other' infrastructure includes street furniture and traffic facilities (e.g. traffic islands, median strips, thresholds)

Infrastructure asset condition assessment 'key'

1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2025	Indicator 2025	Indicators 2024	Indicators 2023	Benchmark
1. Buildings and infrastructure renewals ratio					
Asset renewals ¹	99,973	97.74%	84.20%	71.25%	> 100.00%
Depreciation, amortisation and impairment	102,289				
1a. Buildings and infrastructure renewals ratio (alternate) ¹					
Asset renewals	99,973	116.38%	103.97%	88.00%	> 100.00%
Required asset renewal (per adopted asset management strategy)	85,900				
2. Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	107,874	2.36%	2.03%	1.93%	< 2.00%
Net carrying amount of infrastructure assets	4,569,619				
3. Asset maintenance ratio					
Actual asset maintenance	99,675	109.61%	100.66%	104.33%	> 100.00%
Required asset maintenance	90,938				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	155,292	2.27%	1.77%	1.82%	
Gross replacement cost	6,844,324				

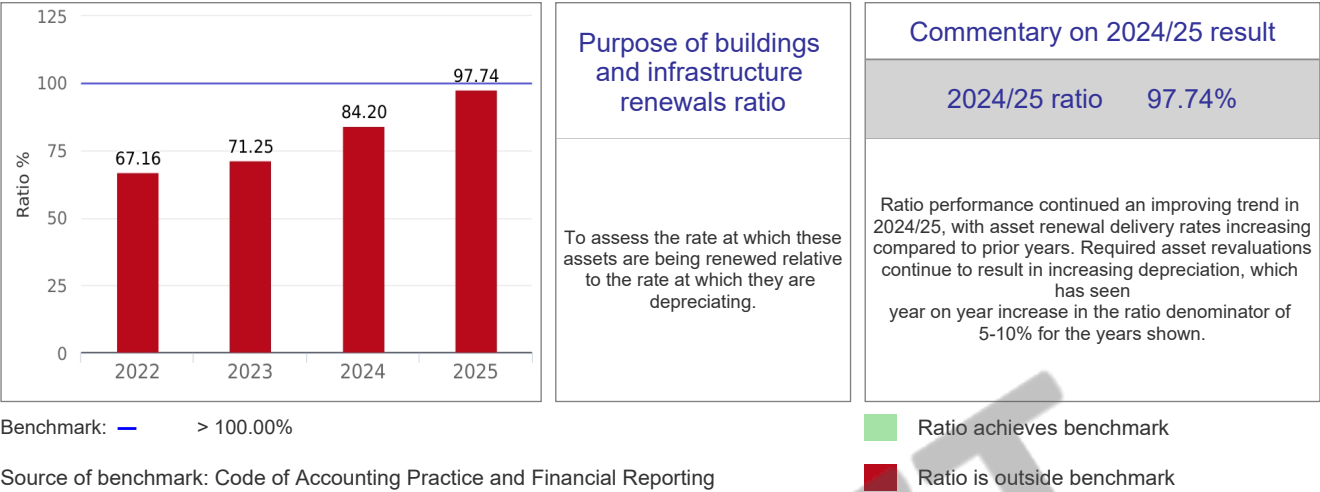
(*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

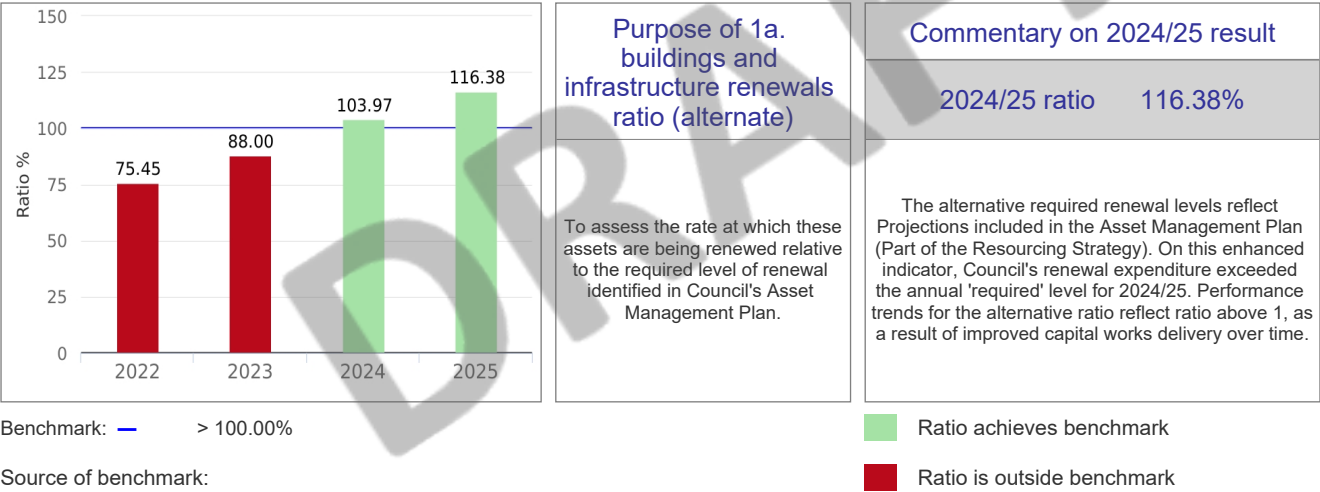
Council of the City of Sydney

Report on infrastructure assets as at 30 June 2025

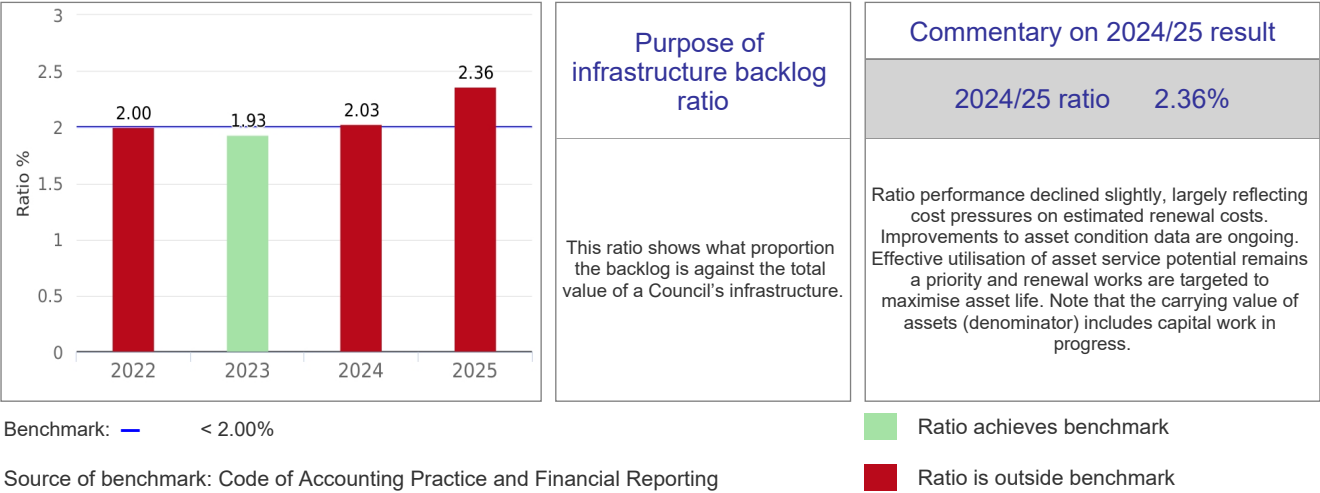
1. Buildings and infrastructure renewals ratio



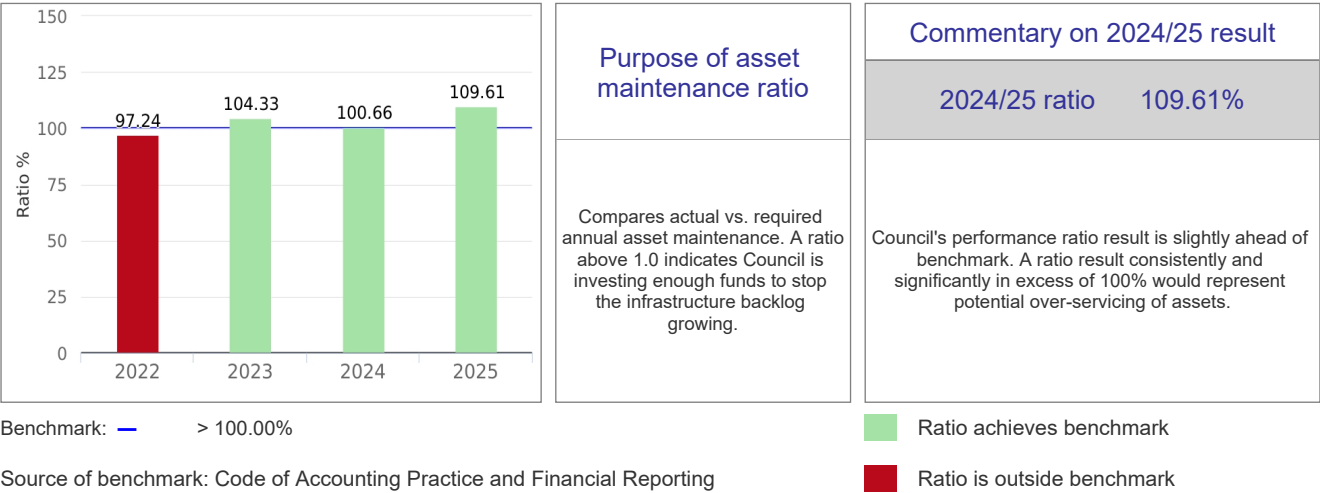
1a. Buildings and infrastructure renewals ratio (alternate)



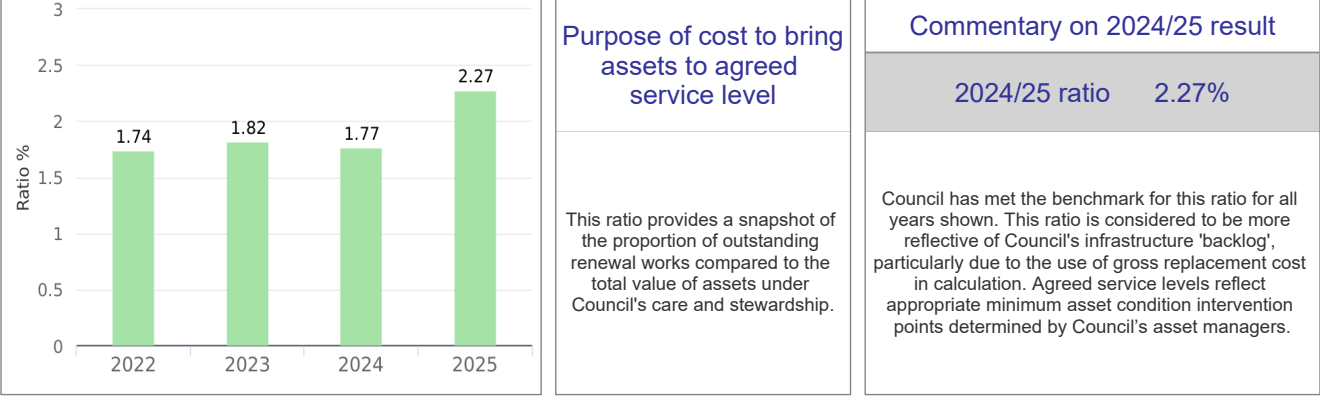
2. Infrastructure backlog ratio



3. Asset maintenance ratio



4. Cost to bring assets to agreed service level



Attachment B

**Draft Independent Auditor's Report and
Report on the Conduct of the Audit**



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Council of the City of Sydney

To the Councillors of Council of the City of Sydney

Opinion

I have audited the accompanying financial statements of Council of the City of Sydney (the Council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2025, the Statement of Financial Position as at 30 June 2025, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been prepared, in all material respects, in accordance with the requirements of the Division
 - are, in all material respects, consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2025, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Council's annual report for the year ended 30 June 2025 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule - Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 'Material budget variations'
- on the Special Schedules. A separate opinion has been provided on Special Schedule - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Karen Taylor
Delegate of the Auditor-General for New South Wales

[Date]
SYDNEY



Lord Mayor
Council of the City of Sydney
Town Hall House
Level 2, 456 Kent Street
SYDNEY NSW 2000

Contact: Karen Taylor
Phone no: 9275 7311
Our ref: R008-1981756498-3869

Xx October 2025

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2025
Council of the City of Sydney**

I have audited the general purpose financial statements (GPFS) of the Council of the City of Sydney (the Council) for the year ended 30 June 2025 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

My audit procedures did not identify any instances of material non-compliance with the financial reporting requirements in Chapter 13, Part 3, Division 2 of the LG Act and the associated regulation or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2025 is issued in accordance with section 417 of the Act. The Report:

- must address the specific matters outlined in the Local Government Code of Accounting Practice and Financial Reporting 2024-25
- may include statements, comments and recommendations that I consider to be appropriate based on the conduct of the audit of the GPFS.

This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

INCOME STATEMENT

Financial performance

	2025	2024	Variance
	\$m	\$m	%
Rates and annual charges revenue	421.0	397.6	5.9
Grants and contributions provided for operating purposes revenue	15.6	16.5	5.5
Grants and contributions provided for capital purposes revenue	111.3	117.8	5.5
Operating result from continuing operations	133.5	147.9	9.7
Net Operating result for the year before grants and contributions provided for capital purposes	22.1	30.1	26.6

Operating result from continuing operations

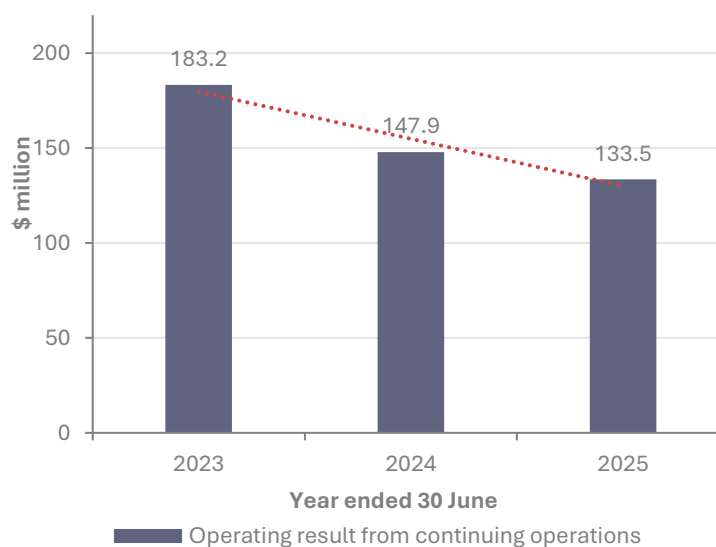
This graph shows the operating result from continuing operations for the current and prior two financial years.

Council's operating result from continuing operations for the year was \$14.5 million lower than the 2023–24 result. This was mainly driven by:

- continued decrease in grants and contributions revenue
- net loss from disposal of assets \$6.6 million (2023-24: gain of \$17.2 million).
- depreciation and amortisation expense (\$130.2 million) increased by \$6.3 million (5.1 per cent) due to growth in infrastructure, property, plant and equipment (IPPE).

The net operating result for the year before grants and contributions provided for capital purposes was \$22.1 million. Refer to 'Grants and contributions revenue' below for details.

Operating result from continuing operations



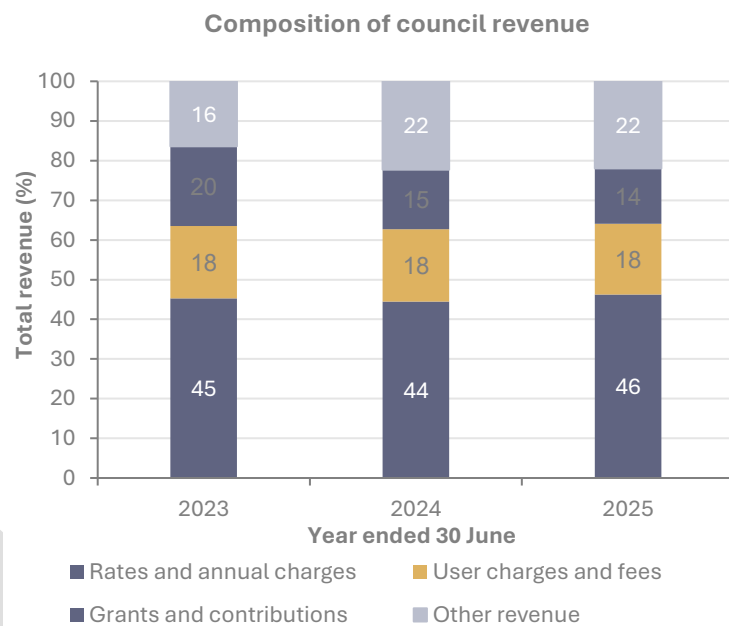
Income

Composition of council revenue

This graph shows the composition of Council's revenue for the current and prior two financial years.

Council revenue (\$909.7 million) increased by \$15.1 million (1.7 per cent) in 2024–25 due to:

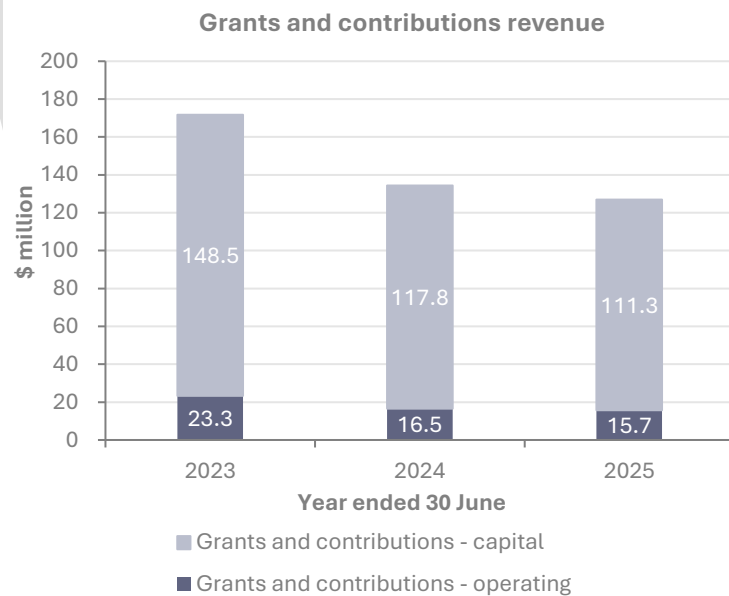
- rates and annual charges revenue (\$421.0 million) which increased by \$23.4 million (5.9 per cent) due to rate peg increase of 5.1 per cent
- offset by a decrease in grants and contributions revenue – see additional details below.



Grants and contributions revenue

This graph shows the amount of grants and contributions revenue recognised for the current and prior two financial years.

Grants and contributions revenue (\$126.9 million) decreased by \$7.4 million (5.5 per cent) in 2024–25. These contributions will fluctuate year on year.



CASH FLOWS

Statement of cash flows

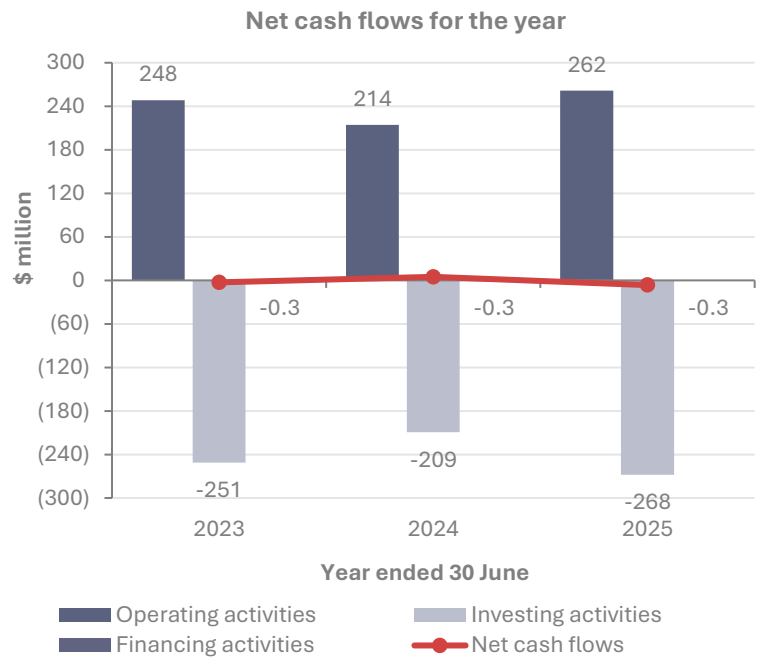
The Statement of Cash Flows details the Council's inflows and outflows of cash over a specific period. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support future projects. It also aids in identifying any pressures or issues in the Council operating in a financially sustainable manner.

This graph shows the net cash flows for the current and prior two financial years.

The net cash flows for the year were negative \$6.5 million (positive \$4.9 million in 2023-24).

In 2024-25 the net cashflows:

- from operating activities increased by \$47 million mainly due to timing of receipts which can differ from timing of revenue recognition
- used in investing activities increased by \$59 million, mainly due to spending on IPPE.



FINANCIAL POSITION

Cash, cash equivalents and investments

This section of the Report provides details of the amount of cash, cash equivalents and investments recorded by the Council at 30 June 2025.

Externally restricted funds are the cash, cash equivalents and investments that can only be used for specific purposes due to legal or contractual restrictions.

Cash, cash equivalents, and investments without external restrictions can be allocated internally by the elected Council's resolution or policy. These allocations are matters of Council policy and can be changed or removed by a Council resolution.

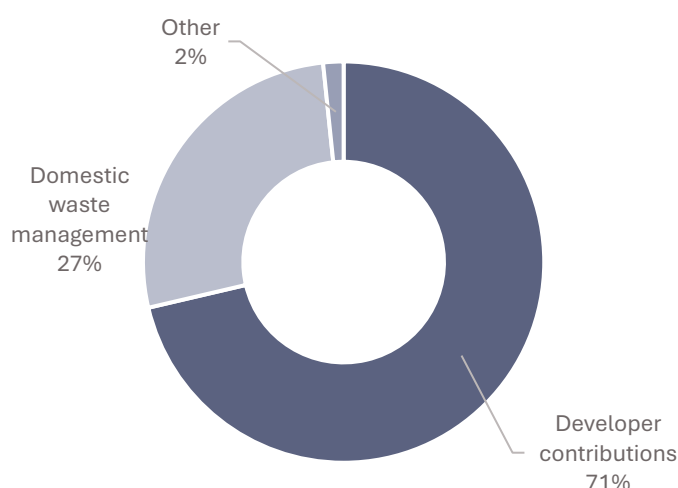
Cash, cash equivalents and investments	2025	2024	Percentage of total cash and investments 2025	Commentary
	\$m	\$m	%	
Total cash, cash equivalents and investments	765.0	766.3		Externally restricted balances comprise mainly of developer contributions and domestic waste management.
Restricted and allocated cash, cash equivalents and investments:				Balances are deemed internal allocations due to Council policy or decisions for forward plans including capital works program.
• External restrictions	152.5	89.1	19.9	
• Internal allocations	315.4	238.4	41.2	

This graph shows the sources of externally restricted cash, cash equivalents and investments.

In 2024-25 the Council's main sources of externally restricted cash, cash equivalents and investments include:

- developer contributions of \$108.8 million which increased by \$62.1 million, mainly due to affordable housing contributions, which were remitted to community housing providers post 30 June 2025
- domestic waste management of \$41.3 million which remained similar to the prior year.

Source of externally restricted cash, cash equivalents and investments



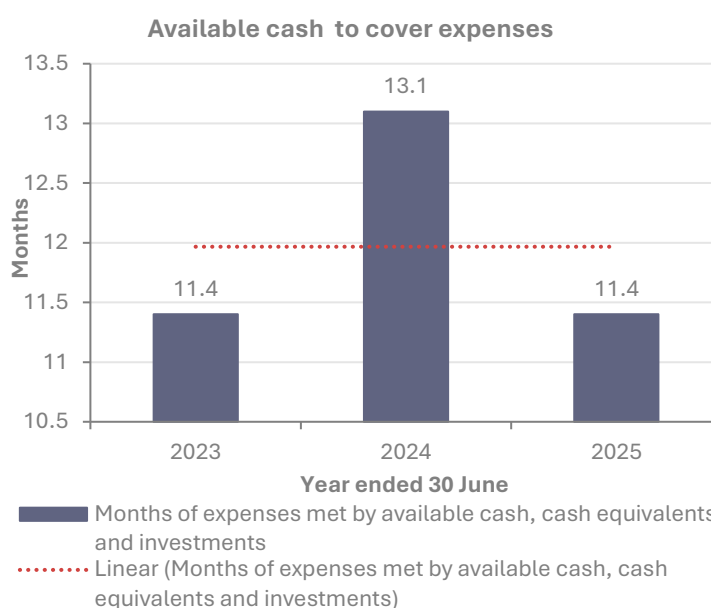
Council liquidity

This graph shows the number of months of general fund expenses (excluding depreciation and borrowing costs), Council can fund from its available cash, cash equivalents and investments (not subject to external restrictions).

Further details on cash, cash equivalents and investments including the sources of external restrictions are included in the section above.

In 2023–24, the available cash to cover expenses was an average of 8 months for metropolitan councils.

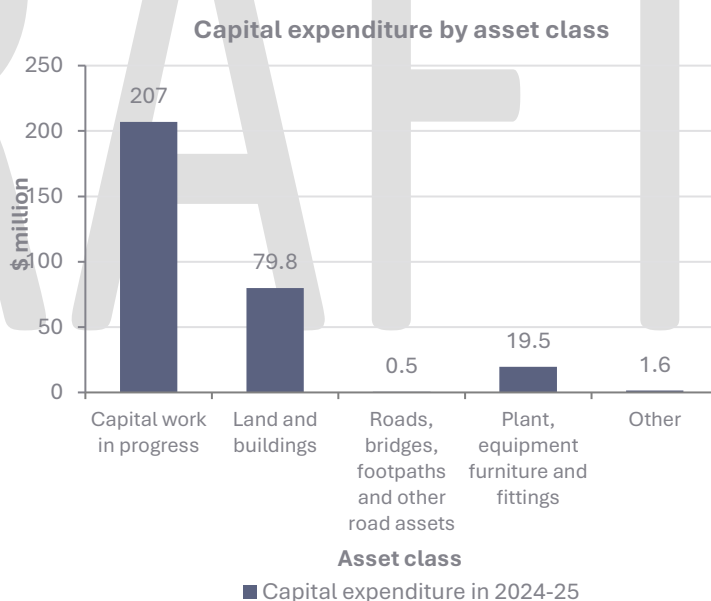
Council continues to exceed this average demonstrating they can meet obligations as they fall due.



Infrastructure, property, plant and equipment

This graph shows how much the Council spent on renewing and purchasing assets in 2024-25.

Council renewed \$123.7 million of infrastructure, property, plant and equipment during the 2024-25 financial year. This was mainly spent on buildings, roads and open space. A further \$184.7 million was spent on new assets including land.



Debt

The table below provides an overview of the Council's loans and committed borrowing facilities. Committed borrowing facilities are an element of liquidity management and include bank overdrafts, and credit cards.

Debt	2025	2024	Commentary
	\$m	\$m	
Credit card facility	1.5	1.5	Facility and use of the facility is stable.
Amount used	0.2	0.2	

Karen Taylor
Delegate of the Auditor-General

DRAFT

Item 5.

Investments Held as at 30 September 2025

Document to Follow

Item 6.

Public Exhibition – Draft Code of Meeting Practice

Document to Follow

Item 7.

External Memberships

File No: S076031

Summary

The City of Sydney is a member of a wide range of associations and organisations which provide staff and Councillors with access to up-to-date information and information-sharing opportunities, forums and conferences for professional and policy development.

The memberships held by the City of Sydney are reviewed regularly to ensure they remain relevant to the work of the City and are provided to Council for information. The City's current memberships are outlined in Attachment A.

This report seeks Council's endorsement of the existing memberships as outlined in Attachment A. The City's memberships will continue to be reviewed and any significant changes reported to Council.

This report also seeks Council approval for the Chief Executive Officer, in consultation with the Lord Mayor, to accept hosting up to 3 roundtables/forums/events per year at City of Sydney venues.

Recommendation

It is resolved that:

- (A) Council receive and note the City's membership of the associations outlined in Attachment A to the subject report;
- (B) Council note that final membership amounts change from time to time and any significant changes will be reported back to Council via the CEO Update; and
- (C) authority be delegated to the Chief Executive Officer, in consultation with the Lord Mayor, to accept hosting up to 3 roundtables/forums/events per year at City of Sydney venues and to waive costs associated with hosting these events.

Attachments

Attachment A. List of Existing External Memberships

Background

1. The City of Sydney is a member of a range of associations which provide access to professional support, updated industry information and information sharing, forums and conferences for professional and policy development and accreditation.
2. Memberships cover a wide range of associations to reflect the breadth of City activities.
3. The City contributes to and works with these groups to achieve our goals.
4. The total cost of these memberships is estimated to be \$1,080,092 for the current financial year.
5. These memberships were included in the budget for 2025/26.
6. The top 3 memberships account for \$326,836 and includes the Council of Capital City Lord Mayors (CCCLM), Local Government NSW (LGNSW) and the Southern Sydney Regional Organisation of Councils (SSROC).
7. The other smaller memberships make up the remaining \$753,256.

Events

8. From time to time, some of these organisations request that the City of Sydney host roundtable/forums/events at City of Sydney venues.
9. It is recommended that authority be delegated to the Chief Executive Officer in consultation with the Lord Mayor to accept hosting up to 3 roundtables/forums/events per year at City of Sydney venues and to waive costs associated with hosting these events.
10. Only venues owned and managed by the City will be used, therefore there will be no cost to Council for venue hire. The City will absorb costs associated with equipment hire, staffing and catering that may be required at these events.
11. All Councillors will be invited to any events hosted by the City under these arrangements.
12. Any support/costs will be documented and provided to Council as part of the quarterly review supplementary reports.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

13. 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 - external memberships provide staff and Councillors with access to up-to-date information and information-sharing opportunities, forums and conferences for professional and policy development.

Risks

14. This approach to external memberships is within the City's risk appetite, which states:
- The City has a responsibility to ensure that it has sufficient resources in the short, medium and long term to provide the levels of service that are both affordable and considered appropriate by the community.
 - We recognise the significance of our reputation as a valuable asset that influences stakeholder trust, business continuity and the short- and long-term achievement of our objectives.
 - We are committed to conducting our activities in full compliance with applicable laws, regulations and relevant industry standards.

Financial Implications

15. The existing cost of these memberships is estimated to be \$1,080,092 for the current financial year which has been provided for in the 2025/26 operating budget.

MONICA BARONE PSM

Chief Executive Officer

Erin Cashman, Manager OCEO

Attachment A

List of Existing External Memberships
--

Chief Executive Office		
Sustainable Business Australia	Participation in the SBA Sustainability Professionals Group and ability for the City to directly engage with industries focussed on developing the green economy and sustainable business practices.	\$10,000
Local Government NSW	The City's involvement is necessary to lead the policy and strategic direction of local government in NSW.	\$124,762
The Committee for Sydney	Provides access to forums with peak industry, governmental and community leaders promoting sustainability.	\$20,750
Keep Australia Beautiful NSW	Works closely with communities to ensure a sustainable future. Membership provides access to programs and opportunities to work closely together to achieve that sustainable future.	\$1,258
Council of Capital City Lord Mayors (CCCLM)	Collaborative national level advocacy forum. Involves policy development, sharing information and practices across capital cities.	\$116,000
Southern Sydney Region of Councils (SSROC)	Collaboration with neighbouring councils on issues such as procurement, industry best practice and advocacy.	\$86,074
International Council for Local Environmental Initiatives (ICLEI) - Local Governments for Sustainability	Brings the latest global solutions and knowledge to the local context, with members and teams of experts working together to create systemic change for urban sustainability.	\$4,530

Chief Executive Office

Sydney First - NSW Business Chamber Limited	An important resource as a support group and solutions provider for business.	\$22,045
Committee for Economic Development Australia (CEDA)	Provides access to policy discussions and thought leadership on critical issues facing Australia and Sydney particularly.	\$11,500
Tourism Transport Forum	Peak national tourism body. Advocates the public policy interests of corporations and institutions on tourism, transport, aviation and investment.	\$36,008
Fifth Estate	Australia's leading online newspaper for the sustainable built environment and all the businesses, professionals, academics, government agencies, community groups, not-for-profits, individuals in Australia and globally who want to be part of the sustainability revolution. The Fifth Estate publishes news, views and information – online daily, in newsletters, ebooks, webinars and events.	\$5,000

Chief Operating Office

Bondi to Manly Walk Supporters	A not-for-profit incorporated association established with the mission of protecting, enhancing and promoting the public land and natural environment on Sydney Harbour Foreshore along the Bondi to Manly Walk which runs through the City of Sydney local government area.	\$5,000
Property Council of Australia	Enables City representation as a member, recognition within the industry, access to research papers, discounts on courses and member training.	\$14,150
Australian Water Association	The Australian Water Association provides information and knowledge, connects members with industry and stakeholders to drive a sustainable water future.	\$1,585
Local Government Professionals	Local Government Professionals NSW provides a platform to share knowledge. They are committed to maintaining high professional and ethical standards throughout the sector and ensure that their members are at the forefront of change and innovation. They offer free participation in regular Property Forums with speakers from agencies such as the Office of the Local Government, Land Registry Services, Crown Lands etc.	\$553
Arts Hub	An annual membership which gives the City of Sydney access to advertising, Public Art and other creative opportunities, creative roles and visibility in the creative sector across Australia.	\$385
Australian Institute of Architects	To remain connected to Australia's peak professional body which helps shape policies, making positive change for good at local, National, and international scales. Membership will ensure that the City remains abreast of the most recent and pressing architectural and city building issues and legislation.	\$982

City Life		
Australian Library and Information Association [ALIA]	Access to advocacy on behalf of all public libraries in Australia, an annual conference and library specific training. Members receive discounted prices to attend. Membership also provides quarterly newsletter, professional articles and research papers.	\$1,730
The Children's Book Council of Australia	Exclusive access to a range of resources related to children's literature, including discounts on CBCA Book Week merchandise.	\$130
Community Early Learning Australia Ltd	Supports evidence-based research, consultation, and action, uniting childcare services.	\$340
Early Childhood Australia Inc	Provides resources and up to date information on the early childhood education and care industry. Provides reduced rates for conferences and training opportunities.	\$566
History Council of NSW Inc	Enables representation on the peak body for history; participation in History Week; networking, and resources.	\$590
Network of Community Activities	Provides support and resources to outside school hours care services in NSW. Provides reduced rates for conferences and training opportunities.	\$1,540
New South Wales Public Libraries Association	Membership provides access to professional training workshops and seminars; services such as library reviews, facilitation of strategic planning, children's, multicultural and reference services and promotion, access to professional publications, NSW public libraries statistics, and a forum for all library professionals.	\$2,995

City Life		
NSW Meals on Wheels Association Inc	This is the peak professional body, gives access to information, training, and conferences.	\$2,050
Oral History NSW Inc.	Provides regular newsletter & journal; networking, professional development & learning opportunities; member rates for conferences.	\$59
Refugee Council of Australia (Refugee Welcome Zone Leadership Group)	Promotes, supports and advocates for policy reform for refugees and people seeking asylum and enables the City to share our knowledge and experience in supporting refugees, as well as learn from others.	\$5,000
Zero Barriers	Promotes access and inclusion for member Council's by visiting businesses in that Local Government Area and providing practical advice to enhance access and inclusion for people with disabilities.	\$5,000
Youth Action Policy Association	Provides access to the peak youth organisation representing young people and youth services in NSW.	\$460
Homelessness NSW	State peak body providing information on research and advocacy for the homelessness sector.	\$250
Sport NSW	Access to best practice guidelines and resources for sports, including a focus on access and inclusion for people with a disability and girls participation in sport. Gold membership includes resources and support to deliver two events per year.	\$2,695
Sydney City Liquor Accord	A condition of the Liquor License for Sydney Town Hall is that the Licensee must be a member and attend the quarterly meetings.	\$250

City Life		
Australian Live Industry Alliance	The alliance represents the production and technical areas for live events industry in Australia. They provide industry news and promote articles about technology and installations as well as post industry jobs for members.	\$500
Welcoming Cities	A member-based organisation that supports councils and community leaders to actively engage with migrant communities, include cultural diversity principles in policy, programming and engagement, and take a whole of community approach to inclusion. This is achieved through knowledge sharing, partnerships, celebrating success and setting a National Standard for cultural diversity and inclusion policy and practice.	\$0
Business Renewables Centre Australia (BRCA)	Supports organisations to better understand renewable energy procurement, Australian energy markets and policy.	\$1,980
New South Wales Education Standards Authority (NESA)	Accreditation for Early Childhood Teacher positions.	\$1,300
Hidden Disabilities Sunflower Australia (Bayley House)	Annual membership for the Hidden Disabilities Sunflower Program. The Hidden Disabilities Sunflower is an international approach that is coordinated in Australia by Bayley House. The program seeks to improve everyday experiences and interactions for people with hidden disabilities, assisting them navigate and find help in public places.	\$2,500

City Planning, Development and Transport

International Council of Monuments and Sites (ICOMOS) - Australia Secretariat	Informs the approaches to heritage conservation policy and practice for culturally significant places.	\$800
Fire Protection Association	Peak professional body for fire related services.	\$400
NSW Fair Trading Certifier Registration	Registration as Council Certifiers is a requirement for building surveyor certifier positions in the Building Certification team.	\$6,187
Association of Australian Certifiers	As Council Cerifiers it is beneficial to the organisation to be supported and informed of legislative changes, regular industry newsletters and mandatory continuing professional development (CPD) training.	\$2,614

City Services		
Aquatic and Recreation Institute Victoria	The Victorian peak body for the aquatics and recreation industry, providing professional training opportunities, conferences, and access to information.	\$764
Arboriculture Australia Ltd	National body for tree management, providing professional development tools and research and best practice advice.	\$880
Transport Professionals Association	The peak body for traffic and transport practitioners in Australia, membership encourages best practice and provides professional development and networking opportunities.	\$1,295
Parking Australia - Parking Facility Member	Provides information on the developments in parking meter and car park technology and opportunities to ensure staff are informed of industry developments.	\$1,650
Treenet Inc	National level organisation that promotes Australian research, and a platform for advocacy for the urban forest. Memberships includes one free attendance at the yearly symposium.	\$1,600
Waste Management and Resource Recovery Association	Provides industry sector information on new developments in waste and environment issues, waste calculators and research data.	\$2,325
Parks and Leisure Australia	Representing the interests of the parks, recreation and leisure industry and related professions across Australia, membership provides professional development opportunities, sector information, news, analyses and commentary including best practice management, regulatory and standards updates and announcements.	\$2,500
Australasian Leisure Management	Leading source of information for the leisure industry.	\$181

City Services		
Floodplain Management Australia	Represents the interests of floodplain communities in NSW and elsewhere in Australia, and the authorities responsible for managing floodplains. Provides advocacy on behalf of the floodplain management industry and gives staff access to professional development resources and opportunities.	\$1,750
Southern Sydney Regional Organisation of Councils (SSROC - Street Lighting Improvement Program)	The Street Lighting Improvement Program was created by SSROC to implement the recommendations of an extensive review of street lighting undertaken by its members.	\$15,588
Illuminating Engineering Society of Australian	Policy development and promotion of best practice standards in the lighting industry. Provides staff with professional development, educational opportunities, and exposure to developments in the field.	\$1,050
Royal Life Saving Society of Australia	Access to the Safe Pool Operation Guidelines, the recognised national industry standard that describes and makes recommendations on minimum standards regarding pool safety.	\$102
Natspec Construction Information	Specifications for infrastructure construction and maintenance allowing the City access to contemporary industry standards.	\$3,289
Stormwater Industry Association of NSW	The main industry association in stormwater management across NSW. Provides advocacy on behalf of the NSW stormwater management industry and gives staff access to professional development resources and opportunities.	\$960

City Services		
Surveying & Mapping Industry Council of NSW (SMIC)	The peak geospatial information industry body in NSW, with representatives from government, private industry, professionals and the tertiary education sectors. Membership gives us direct access to the decision makers in the Surveying profession and the ability to advocate for the interests of the City.	\$250
Before You Dig Australia (BYDA)	Membership permits the City to use the BYDA referral service to protect our civil infrastructure assets (currently survey infrastructure, stormwater drainage, electrical assets and contaminated lands). This enables us to notify civil workers and utilities of the presence and location of City assets and assists in avoiding damage to those assets.	\$200
Greater Sydney Harbour Coastal Management Program (Sydney Coastal Councils Group)	The Coastal Management Act 2016 requires local councils within the catchment area to work together to prepare a Coastal Management Program (CMP) in accordance with the Coastal Management Manual. The City's participation in the Program includes financial and in-kind support to the development of the Greater Sydney Harbour CMP.	\$26,000
IPWEA Roads Directorate	A joint initiative between local joint initiative between IPWEA (NSW) and Local Government NSW (LGNSW). It serves as a focus for research activities and the provision of technical advice to assist members in discharging their road management roles.	\$8,162
Inside Waste	Industry relevant news and information for the waste sector. (Magazine subscription)	\$65
NRMA	Roadside Assistance	\$5,097

City Services		
Institute of Public Works Engineering Australasia Limited - NAMS Plus	Provides staff in asset-owning organisations access to tools and online resources to develop and update their Asset Management Plans.	\$2,910
Chargefox Pty Ltd	Subscription for City provisioned EV charging points	\$8,300

Finance and Procurement

Supply Nation	Dedicated to connecting corporate and government organisations with Indigenous enterprises, which helps the City deliver on our commitment to our Aboriginal and Torres Strait Islander communities, the development of staff and our policies and procedures.	\$8,000
Finance Leadership Council for Midsized Companies Classic - Gartner Australasia Pty Ltd	The leading member-based advisory company. Combines the best practices of thousands of member companies with advanced research methodologies and human capital analytics, it equips senior leaders and their teams with insight and actionable solutions to transform operations.	\$36,300
Procurement and Supply Australasia (PASA) Connect	A networking, learning and development initiative that brings procurement professionals together for both peer-to-peer and expert-led learning.	\$9,950
NSW Indigenous Chamber of Commerce	Dedicated to connecting corporate and government organisations with Indigenous enterprises, which helps the City deliver on our commitment to our Aboriginal and Torres Strait Islander communities, the development of staff and our policies and procedures.	\$27,500

Legal and Governance

Institute of Internal Auditors (IIA)	Access to resource material, including Professional Practices Framework and audit programs.	\$670
Information Systems Audit & Control Association (ISACA)	Access to resource material, including standards and audit programs.	\$270
Environment and Planning Law Association NSW	Enables staff working in the fields of planning and environmental law, including lawyers and planning staff, to maintain up to date knowledge and professional contacts in this area.	\$495
Law Society of NSW	Provides access to a professional library, legal journals and continuing professional education, in addition to networking opportunities. Membership is a requirement for staff who are accredited specialists.	\$1,320
International Information System Security Certification Consortium (ISC) ²	Professional Membership relating to information security	\$135

People, Performance and Technology		
Data Management Association of Australia (DAMA)	Data Management Association of Australia, provides best practice advice about Data Protection, Governance, and Management	\$500
Australian Society of Archivists Inc	Professional body for archivists in Australia, provides information about best practice.	\$818
Association of Canadian Archivists	Professional body for archivists in Canada, provides information about best practice. The society is highly regarded world-wide as being industry leaders in modern archive theory and practice.	\$350
International Council of Archives	International body for archivists, provides information about best practice.	\$374
Records and Information Management Professionals Association	RIMPA is the global professional body for records management. Membership assists the City develop and maintain industry knowledge and keep abreast of industry changes.	\$910
CEB IT Leadership Council of Midsized Companies - Gartner UK Limited (Corporate Executive Board - Information Technology)	Provides best practice research, advice, and tools and education for CIO's and IT professionals to support organisational best practice.	\$28,160
CEB HR Leadership Council of Midsized Companies - Gartner UK Limited (Corporate Executive Board - Human Resources)	Provides best practice research, tools, webinars and networking opportunities for HR professionals to support organisations committed to improving their people practices.	\$60,900
Diversity Council Australia Limited	Provides expert advice, research, events and programs, resources for diversity and inclusion in the workplace.	\$6,740

People, Performance and Technology		
ACON Pride in Diversity	Australia's leading LGBTQ+ workplace inclusion program. Provides access to inclusion benchmarking tool, Australian Workplace Equality Index (AWEI) as well as advice, training, resources, and participation in events such as Pride in Diversity Rountables and Australian LGBTQ+ Inclusion Awards.	\$7,158
Public Sector User Forum Inc	"Pathway user group", provides staff with access to latest information on Pathway, developments, issues and exchanges of information with other people using Pathway.	\$1,300
NSW Workers Compensation Self Insurers Association	Provides members with support to comply with legislation, prevent and manage workplace injuries.	\$850
Australian Disability Network	Disability Employer Network	\$2,750
ArtsHub	The leading online forum for all arts and culture industry news and developments. Membership is required in order to utilise the opportunities pages, which are an essential channel for advertising for recruitment, grants and artist opportunities.	\$1,300
The Association for Payroll Specialists (TAPS)	Provides a number of specialised benefits necessary to acknowledge and assist payroll people and keep them up to date with Australia's unique payroll environment.	\$950

Strategic Development and Engagement		
Materials and Embodied Carbon Leaders' Alliance (MECLA)	The alliance drives the reduction of embodied carbon in the building and construction industry.	\$1,000
Infrastructure Sustainability Council (ISC)	Member-based, not-for-profit peak body enabling sustainability outcomes in infrastructure via a rating scheme; education, training and capacity building; connecting suppliers of sustainable products and services with projects; and recognition of best practice.	\$3,400
Carbon Market Institute (CMI)	An independent industry association representing organisations leading the transition to a net-zero emission economy, sharing knowledge, building capacity and catalysing opportunities related to carbon markets.	\$6,500
Milan Urban Food Policy Pact (MUFPP)	An international agreement among cities from all over the world, committed "to develop sustainable food systems that are inclusive, resilient, safe and diverse, that provide healthy and affordable food to all people in a human rights-based framework, that minimize waste and conserve biodiversity while adapting to and mitigating impacts of climate change". Its main aim is to support cities wishing to develop more sustainable urban food systems by fostering city to city cooperation and best practices exchange.	\$0
Impact Ecosystems Network	A global network of cities committed to collaboration and peer learning for impact ecosystems – creating more social value through economic development activities and addressing societal challenges through diverse and connected economies and ecosystems	\$0
Materials and Embodied Carbon Leaders' Alliance (MECLA)	The alliance drives the reduction of embodied carbon in the building and construction industry.	\$1,000
Australian Sustainable Built Environment Council	Provides a forum for groups to gather and discuss the planning, design, delivery, operation of our built environment and its social and environmental impacts.	\$9,700

Strategic Development and Engagement		
C40	Provides City staff with opportunities for knowledge exchange and enables them to take collaborative action to cut greenhouse gas emissions, stimulate business, community and government action on climate change, and act as champions in the international arena. While there is no membership cost for C40, there can be costs involved in holding and attending events.	\$0
Green Building Council of Australia (GBCA)	The authority on sustainable buildings and communities – accelerating the transformation of Australia's built environment. Membership provides staff with access to useful information, networking opportunities and research resources.	\$3,300
Engagement Institute	Australasian industry body for community engagement practitioners which provides staff with access to current information, resources and reduced rates for events and training.	\$2,850
Smart Energy Council	Renewable energy is vital in climate change action in Australia. Provides information and research to transition Australia's energy system to a lower carbon system.	\$3,500
Carbon Neutral Cities Alliance	A collaboration of global cities working to cut carbon emissions by 80-100% by 2050 or sooner.	\$16,900
Energy Efficiency Council (EEC)	Provides high quality advocacy to state and federal government in the areas of energy efficiency, services and management.	\$10,000
World Cities Culture Forum	Collaboration between 40 cities via symposia, regional summits, and workshops to share ideas and knowledge about the role of culture. This forum has been very active providing fortnightly online presentations and regular global updates that are integrated into the City of Sydney's global insights data gathering to inform Covid-19 recovery planning.	\$17,000

Strategic Development and Engagement		
Global Resilient Cities Network	Drives urban resilience action to protect vulnerable communities from climate change and other physical, social and economic urban adversities and challenges. The Network supports cities and their Chief Resilience Officers in future-proofing their communities and critical infrastructure.	\$0
Music Cities Network	International network of cities actively working in live music and performance. It provides opportunities for sharing research, knowledge, and working cooperatively on exploring policy and advocacy. The group has met fortnightly since the onset of the Covid-19 pandemic to share insights and strategies for mitigating the impact of the pandemic on this vulnerable sector.	\$14,000
Global Covenant of Mayors (GCoM)	The Global Covenant of Mayors helped co-develop the reporting protocol for reporting on city wide greenhouse gas emission. Sydney was one of the first 10 cities to use the protocol in 2018. The City continues to use the protocol in reporting local government area emissions and works to provide this via Resilient Sydney to all other councils in metropolitan Sydney.	\$0
The Climate Collective	First Nations Affairs supports the development of policy and programs for a just transition elevating First Nations impacts. The Climate Collective is about collaboration, knowledge sharing, and capacity building in the area of First Nations participation in the net zero transition.	\$600
Climate Emergency Australia (CEA)	Provides a forum for all climate-emergency-declaring Councils in Australia to collaborate on advocacy for stronger climate action at the federal level.	\$5,300
Australian Food Network	Annual membership to share information, best practice, learnings and advocacy opportunities on sustainable food systems with other local authorities across Australia.	\$1,400

Strategic Development and Engagement

National Australian Building Environmental Ratings (NABERS) Steering Committee	Contributing to policy and building environmental ratings across Australia.	\$0
Economic Development Australia	Economic Development Australia (EDA) is the national peak body for economic development professionals, focused on building capacity, promoting excellence, networking with other local governments and businesses, as well as advocacy on policies affecting city competitiveness. EDA promotes innovation, sustainability, and smart city practices while supporting the creation of comprehensive economic plans to address market trends.	\$2,295

Item 8.

Proposed Land Classification - South Sydney Rotary Park, 53A Henderson Road, Eveleigh

File No: X118406.001

Summary

The purpose of this report is to obtain Council approval to notify a proposal to classify Lot 22 in Deposited Plan 835061, commonly known as South Sydney Rotary Park at 53A Henderson Road, Eveleigh, as operational land. This will be on a temporary basis.

The land in question, known as the South Sydney Rotary Park, is due to be transferred to the City of Sydney from Homes NSW in accordance with the Planning Agreement entered into in relation to a Public Benefit Offer.

A Public Benefit Offer (non-standard type) was received in conjunction with the State-led re-zoning proposal at Explorer Street (53 and 53A Henderson Ave), South Eveleigh. It was progressed by the Department of Planning, Housing and Infrastructure (the Department).

No Plan of Subdivision will be necessary as the land will be transferred in its entirety.

The land, being Lot 22 in Deposited Plan 835061, will be upgraded and embellished by the City under the Capital Works Program as a City-owned park.

While the land is being upgraded, it will need to have an operational classification to support the City's development and use of the land. Once the works are complete, the land will be reclassified as community land, categorised and incorporated into a Generic Plan of Management.

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

Recommendation

It is resolved that Council:

- (A) endorse public notification of the proposed resolution: "it is resolved to classify Lot 22 in Deposited Plan 835061 as operational land in accordance with section 31 of the Local Government Act 1993 (NSW)", on the basis that:
 - (i) the primary future use is for a park; and
 - (ii) the classification is an interim measure to support operational management and use of the land to facilitate upgrading the park until the upgrade works are completed and it can be included within the Generic Plan of Management and classified as community and categorised as park; and
- (B) note that a further report to Council, to inform of the outcomes of the public notification and recommendation of land classification, will follow the notification period.

Attachments

Attachment A. Identification Map

Background

1. An existing low density social housing development at Explorer Street, South Eveleigh, has been identified for rezoning for additional housing as part of the NSW Government's Rezoning Pathways Program.
2. The subject site for rezoning is owned by the Homes NSW (formerly Land and Housing Corporation) and currently contains 46 social housing dwellings (one and two storey townhouses).
3. Forming part of the site to the south is the South Sydney Rotary Park, that is about 6,800sqm in size. It is owned by Homes NSW, with maintenance by the City. In addition, there is a small area of public open space in the north-eastern corner of the site that is owned and maintained by the City. The development site is accessed and serviced by Explorer Street and Aurora Place. The roads are owned by the City.
4. The Department has led the rezoning of the site and changes to the planning controls are expected to come into effect imminently. The changes will facilitate redevelopment of the site for:
 - (a) about 400 dwellings, across three buildings, ranging from 4 to 13 storeys and
 - (b) no less than 20% affordable housing and 30% social housing (subject to review).
5. A Public Benefit Offer from Homes NSW outlines that ground investigations on the suitability of the land for a park have been undertaken and it has been determined the site is suitable for continued use as a publicly accessible park for passive recreational activity in its current state.
6. Homes NSW are offering to dedicate the park to the City, in exchange for a development contributions credit (offset) of \$200/sqm against future redevelopment on the residential part of the Explorer Street site. This equates to an offset of approximately \$1,376,000 from contributions payable for the estimated 6,880sqm of the park.
7. The park will be transferred to the City in its entirety and will be upgraded as a capital works project by the City in future years. To facilitate these works, it is proposed to temporarily classify the land as operational land. Once the works are complete, the land can be reclassified as community land, categorised and incorporated into a Generic Plan of Management.

Organisational Impact

8. There is no organisational impact arising from this proposed resolution to classify this parcel of land as operational land on a temporary basis.

Risks

9. There is a minimal appetite for risk when considering the classification of land within the City's Local Government Area. Classifying land correctly ensures compliance with all applicable laws and regulations associated with land management.
10. The existing park has been maintained by the City. The land is being transferred under the Planning Agreement on an "as is" basis, meaning that the City will be responsible for remediating the site prior to any future park upgrades should that be necessary.

Financial Implications

11. The classification of land under the Local Government Act 1993 does not have any direct budgetary implications at this point of time. 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.
12. The land is being transferred under the Planning Agreement on an "as is" basis, meaning that the City will be responsible for remediating the site prior to any future park upgrades should that be necessary.

Relevant Legislation

13. 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; 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.
 - (c) Section 34 requires the proposed resolution to classify land to be publicly notified and made available for inspection by the public for a period of not less than 28 days.

Critical Dates / Time Frames

14. The land needs to be classified within 3 months of land transfer to the City or the land automatically reverts to a community land classification.
15. As the land is proposed to be transferred to the City imminently, the classification would need to be endorsed no later than December 2025.

Options

16. Allowing the land to default to community land will hinder the ongoing management of the land.

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

Mary Ghaly, Public Lands Coordinator

Attachment A

Identification Map



Item 9.

Lease Approval – 46-52 Mountain Street, Ultimo

Document to Follow

Item 10.

Lease Approval and Exemption from Tender – 343 George Street, Sydney

Document to Follow

Item 11.**Exemption from Tender and Contract Variation – Insect Farming Food Scraps Processing Trial****File No: X021464.011****Contract No: 4213****Summary**

This report seeks an exemption from tender for the provision of insect farming food scraps processing services due to extenuating circumstances, and requests Council approve a contract variation to extend the Insect Farming Food Scraps Processing Trial contract (contract number 4213) for a further 18 months.

At present the City has a 12-month contract for a trial of processing residential food organics from the food scraps recycling service using insect farming technology. This contract is with Goterra Pty Ltd – ABN: 97 612 974 688 (Goterra) and it will expire on 5 January 2026 with no options for extension.

The key objective of the Insect Farming Food Scraps Processing Trial is to test the viability of this technology as a long-term processing solution for the City's residential food waste. Results of the trial will inform the procurement planned to be undertaken in 2026/27 for food organics (FO) processing services for the rollout of the FO service to all households.

To date the trial has been largely successful, however, there are some processing challenges that require more investigation. Goterra has indicated that these challenges could be resolved by system modifications that could be installed and tested. However, this would require more time than the current contract term allows and would require a contract extension.

At present, the market for FO processing is lacking both capacity and technology capability. There is only one supplier operating in NSW that can process our food organics using insect farming processing technology right now, and extending the existing contract will:

- Provide the opportunity to install and test the recommended system modifications to resolve the identified processing challenges.
- Allow time to further investigate and confirm the viability of insect farming technology as a long-term treatment option for the City's residential food waste.
- Ensure sufficient information has been gained to inform procurement for FO processing services for the full rollout of the FO service to all households.
- Continue to contribute towards the City's sustainability and waste targets.
- Continue to support innovation in business in alignment with the City's economic development strategy.

- Enable the City to keep processing residents' food waste in the local area which is a key benefit of the project.

This report recommends that Council grant an exemption from tender for the provision of insect farming food scraps processing services as a satisfactory result would not be achieved by inviting tenders and that Council approve a contract variation for Insect Farming Food Scraps Processing Trial contract.

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 for provision of insect farming food scraps processing services as a satisfactory result would not be achieved by inviting tenders;
- (B) Council note that a satisfactory result would not be achieved by inviting tenders for this work because:
 - (i) the City's current supplier for the Insect Farming Food Scraps Processing Trial is the only suitably licensed supplier operating in NSW that can process our food organics using this specific automated insect farming processing technology;
 - (ii) the market settings for food waste processing are currently lacking both capacity and technology capability due to under investment and lengthy planning approval and construction timelines;
 - (iii) it is not anticipated that any meaningful new food organics processing facilities will be established during the term of the proposed extension;
 - (iv) an extension of the Insect Farming Food Scraps Processing Trial contract will provide the opportunity to resolve processing challenges identified in the trial and test solutions; and
 - (v) the contractor, Goterra Pty Ltd, has confirmed that it can continue to provide processing capacity for the existing services at its purpose-built facility in Alexandria and therefore continue to provide a local solution for the City's food organics;
- (C) Council approve a variation to the existing contract with Goterra Pty Ltd to extend the contract term for a further 18 months, with a revised expiry date of 30 June 2027;
- (D) Council note the revised contract sum for the extended term is set out in the Confidential Attachment A to the subject report; and
- (E) authority be delegated to the Chief Executive Officer to negotiate, execute and administer/vary the contract relating to the Insect Farming Food Scraps Processing Trial.

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. Insect farming is a circular form of food waste processing that uses black soldier fly larvae to break down food scraps and convert them to beneficial products in the form of insect protein (dried larvae) and frass (larvae manure). The insect protein is used as animal feed for poultry and aquaculture and the frass is used as a fertiliser.
2. Insect farming technology has multiple benefits including positive greenhouse gas impacts and a relatively small facility footprint. Unlike other organics processing technologies, insect farming is quite new to Australia, has limited market players, and has been proven on commercial food waste but not with local municipal feedstock.
3. On 15 May 2023, via a Lord Mayoral Minute (LMM 3.2 - Insect Farming Trial for Food Waste), Council requested that the Chief Executive Officer investigate the feasibility of implementing a trial using insect farming technology to process food scraps from the City's residential food organics (FO) recycling service.
4. The main objective of the Insect Farming Food Scraps Processing Trial is to test the viability of this technology as a long-term processing solution for residential food waste in light of the requirement to rollout food organics recycling services to meet the 2030 NSW Government Food Organics and Garden Organics (FOGO) mandate.
5. An insect farming technology investigation was undertaken and completed in 2023, and in May 2024 the City signed a contract with Goterra Pty Ltd for a 12-month insect farming processing trial under exceptional circumstances.
6. Under the contract for the trial, Goterra committed to providing a purpose-built processing facility for the City in our local area at Alexandria.
7. Construction of the insect farming facility took just over 6 months to complete and the trial commenced on 6 January 2025 and is due to end in January 2026.
8. At the Council meeting on 17 March 2025, Council endorsed implementation of a FO service to all City households (Item 7.3 - Planning For a Food Organics Recycling Service to All Households) to meet the requirements of the NSW Government's 2030 FOGO mandate.
9. Results of the Insect Farming Food Scraps Processing Trial will inform the planned procurement for food organics processing services for the rollout of the FO service to all households. This procurement is planned to take place in 2026/27.

Insect Farming Trial Outcomes

10. To date, over 350 tonnes of food scraps have been processed in the trial with good diversion rates and low odour and contamination rates.
11. Reporting from the trial has provided the City with detailed and useful contamination data that we have not had access to previously.
12. The location of the trial facility in Alexandria has resulted in reduced travel time for our collection trucks resulting in operational efficiencies and financial savings (fuel and tolls).
13. Other positive outcomes have included a very favourable response from the local community and the project is supporting an innovative tech start-up company.

14. There are 2 main challenges of the trial. They are the inability of the current system to:
 - (a) Process fibrous and dense peels and seeds from fruit and vegetables (e.g. avocado seeds, mango skins, and citrus peels).
 - (b) Mechanically separate compostable bags (which cannot be consumed by the larvae).
15. The volume of peels and seeds not currently processed through the primary system is around 12 to 16% of the total volume sent for processing. Whilst this material and the compostable bags have been sent for secondary processing at composting facilities (so still diverted from landfill), the aim is for the insect farming technology to process as much as possible of the FO material to maximise the amount of frass and insect protein produced and minimise additional handling and transportation.
16. Goterra believes that with modifications to the current system and further testing, the current system challenges can be resolved. The recommended modifications are installation of:
 - (a) An in-line macerator to pulverise the fibrous and dense peels and seeds from fruit and vegetables to a consistency that will allow this material to flow through the system to the larvae for consumption.
 - (b) A de-bagging machine that will mechanically remove and separate the compostable bags.
17. These modifications to the current system would require additional costs and time beyond the scope of the current 12-month trial contract.

Recommendation for Extension of the Trial

18. The initial trial period is now over two-thirds complete, with the current contract set to end on 5 January 2026. A decision needs to be made now regarding extension or conclusion of the trial to allow for adequate time to plan, seek approvals, and transition to either of these outcomes.
19. It is recommended that the City extend the Insect Farming Food Scraps Processing Trial contract because:
 - (a) An extension will provide the opportunity to install the recommended system modifications and test them to determine whether they can resolve the identified processing challenges.
 - (b) It will allow additional time to further investigate and confirm the viability of this technology as a long-term treatment option for the City's residential food waste and ensure sufficient information has been gained to inform planned procurement for food organic processing services.
 - (c) The trial has been very well received by the community and aligns well with many of the City's strategies.
 - (d) Supporting innovation in business and start-ups aligns with the City's economic development strategy.
 - (e) An extension will allow the City to continue to process our food scraps in our own local government area which is a key benefit of the project.

20. An extension term of 18 months is recommended as this will provide sufficient time for installation and testing of the proposed system modifications.
21. On completion of the contract extension (if endorsed), the City will be able to return to processing the FO from the food scraps service at EarthPower anaerobic digestion facility in Camellia under its existing organics processing contract with Veolia (which ends in June 2028).

Performance Measurement

22. Performance measures are in place with the current provider under the current contract. The provider has met the contract requirements and will be required to meet similar requirements as part of a contract extension.

Financial Implications

23. There are sufficient funds allocated for this extension within the current year's operating budget and future years' forward estimates.

Risks

24. If this proposal is not approved, the City risks:
 - (a) not having adequate information to inform the planned procurement for FO processing services for the full rollout of the FO service to all households.
 - (b) reputational damage as the trial is very well supported in the community.
25. The recommendation is within the City's risk appetite and tolerance because:
 - We embrace innovative solutions and emerging technologies that enable us to minimise environmental risks and enhance sustainability. We actively explore and invest in sustainable alternatives, renewable energy sources and efficient resource utilisation.
 - We recognise the increasing role that technology plays in the delivery of our services. We embrace innovative solutions and emerging technologies that enable us to improve services and utilisation of our resources.
 - We make decisions that align with our corporate objectives, policies and strategies.

Relevant Legislation

26. The exemption from tender process has been conducted in accordance with the Local Government Act 1993 and 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. 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.
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. The existing contract ends on 5 January 2026. It is anticipated that if the recommendations set out in this report are adopted by Council, a contract variation to extend would be in place by that date to enable continuous services to be provided.

Options

31. Alternative options have been considered to ensure the continuity of the services provided under Contract 4213. These include:
 - (a) Initiating a procurement process for the ongoing provision of insect farming processing services. This approach is not recommended as it cannot be undertaken before expiry of the current contract and, due to the stage of the current trial, it is unlikely to achieve better outcomes.
 - (b) Concluding the trial in January 2026 at the end of the current contract term and reverting to processing the FO at the EarthPower anaerobic digestion facility in Camellia under the City's existing organics processing contract with Veolia.

This is not recommended as it will not allow the opportunity to install and test the recommended system modifications to address the identified processing challenges. Addressing these challenges will help assess how insect farming technology can work as a long-term treatment option for the City's residential food organics.

Public Consultation

32. Extending the contract will maintain processing of the FO waste stream and achieve good environmental and waste reduction benefits. There will be no change to services to the community because of this contract and therefore public consultation is not required.

VERONICA LEE

Executive Director City Services

Jodie Larsen, Project Coordinator

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