Item 12

Questions on Notice with Answers

1. Capital Works 2025/26

By Councillor Ellsmore

The 2025/26 Quarter 4 Review Report is tabled to the August 2026 Council meeting. It includes a report and recommendations to revote budget items from 2025/26, including works not completed in the estimated year.

Question

1. What was the total cost for capital works (estimated) for 2025/26?
2. What is the breakdown between capital projects and maintenance and renewal?
3. Does this include footpath maintenance and renewal? If yes, how much. If also included in other line items please provide details.
4. What was the actual cost for capital works for 2025/26?
5. What is the actual breakdown between capital projects and maintenance and renewal?
6. Does this include footpath maintenance and renewal? If yes, how much. If also included in other line items please provide details.
7. Council revotes capital project budgets throughout the year as needed. What was the change through Council revotes in capital projects over the year?
8. Does this include footpaths renewals and maintenance? If yes please provide details.
9. What additional changes for capital funded projects has Council been asked to revote at the August 2026 Council meeting?
10. What are the specific changes proposed by key line item in the Council revote? Please provide details?
11. What are Council's targets for renewal and upgrade of footpaths 2025/26?
12. Council exceeded its targets for footpath renewal and verges in 2025/26. What are the key reasons Council achieved in 2025/26?
13. Did Council exceed the targets while also spending less than estimated?

14. Council's budgeting approach has estimated a larger capital spend each year than actually achieved, with revotes recommended at the end of each financial year. What are the budget and accounting considerations behind this approach?

X113783

Answer by the Chief Executive Officer

1. At Q3, a forecast of $278M was reported against a budget of $310.6M This forecast was also referenced in the Q4 presentation as part of the prior quarter comparison.

2. At Q3 we reported $106.5M forecast for capital works enhancement and $171.5M for capital works asset renewal against a budget of $129.3M for capital works enhancement and $181.3M for capital works asset renewal.

3. As reported in Q3, in Attachment B, Footway renewal is included in the Infrastructure - Roads Bridges Footways program under the Asset Renewal section.

   Specifically, $9.5M was forecast for Footway Renewal 2025/26.

   Many enhancement projects also incorporate a renewal component, such as major footpath upgrades or the replacement of existing assets as part of broader improvement works. These projects and programs are reported within the Capital Works Enhancement Program under the Public Domain group.

   For example, the New Traffic and Pedestrian Improvements program often involves replacing existing asphalt surfaces with concrete as part of broader streetscape and accessibility enhancements.

4. The total capital works delivered in 2025/26 was $253.8M. As seen in Attachments A and B to the subject report and referenced in the Q4 presentation.

5. As reported in Attachment B, the Actual Expenditure 2025/26 was $91.9M for Enhancement projects and $161.9M for Renewal projects.

6. As reported in Attachment B, Footway renewal is included in the Infrastructure - Roads Bridges Footways program under the Asset Renewal section. Specifically, footway renewal represented $9.4M of expenditure in 2025/26.

   As noted above, many enhancement projects also incorporate a renewal component, such as major footpath upgrades or the replacement of existing assets as part of broader improvement works. These projects and programs are reported within the Capital Works Enhancement Program under the Public Domain group.

   For example, the New Traffic and Pedestrian Improvements program often involves replacing existing asphalt surfaces with concrete as part of broader streetscape and accessibility enhancements.

7. The year-end revote process is separate from the in-year budget adjustments. Revotes are only considered after the close of the financial year and are presented to Council as part of the Q4 reporting process. Under the Local Government (General) Regulation 2021, revotes represent unspent budget allocations that must be reapproved by Council before they can be included in the 2026/27 capital budget.

   Throughout the year Council approved a number of adjustments to the Capital Works Program during 2025/26 where projects required additional funding or changes to delivery timing.

   - The adopted capital budget at the start of 2025/26 was $303.3M (excluding contingency)

   - At Q1, Council approved bringing forward $0.86M, increasing the budget of $304.1M

   - At Q2, Council approved bringing forward $5.49M and the allocation of $0.98 from contingency, increasing the budget to $310.6M

   - At Q3, Council approved bringing forward $0.32M and the allocation of $5.73M from contingency, increasing the budget to $316.6M.

8. No footway renewals budget adjustments were requested during Quarters 1 to 3. There were no revotes for Footway Renewals.

9. Council is being asked to revote $20.4M as shown in Attachment B. This amount covers over 150 projects. This includes Primrose Quietway, Hyde Park Lighting, Link Road and Epsom Road intersection and George Street North Pedestrianisation.

10. Quarter 4 and August reports involve 3 distinct types of changes: revotes, rephasing activities, and budget adjustments.

   Revotes

   As highlighted in part 9, Council is being asked to revote $20.4M (increase to the 2026/27 budget).

   Rephasing

   In addition, Council is being asked to approve the rephasing of capital budgets by moving funding allocations from 2026/27 to future years or bringing funds forward into 2026/27 to align with revised project delivery timeframes.

   The total amount proposed for rephasing (decreasing the 2026/27 budget) is $18.2M, as outlined in the attached Capital Works Expenditure and Revote Summary.

   Projects which have rephased budget from 2026/27 to future years to align with revised project delivery timeframes include:

   - George Street North Pedestrian Improvements

   - City Centre Sydney Square Upgrade

- Dixon Street Public Domain Improvements
- Link Road and Epsom Road Intersection
- Odea Avenue Cycleway
- Jubilee Oval Park and Sportsfield Amenities
- KGV Centre – Major Renewal
- Redfern and Darlington Pedestrian Improvements
- On-Street dining permanent sites

In addition, projects which are bringing funds forward to align with the latest program include:

- Town Hall Square
- Green Square to Ashmore Connection
- Local Pedestrian and Traffic Calming works
- Net Zero Aquatic Centre – Prince Alfred Park Pool

Budget Adjustments

In addition, Council is asked to approve changes to budget of $2.1M for Green Square to Ashmore Connection and was subject to a separate Council report in August 2026.

11. The target to renew footpaths was set at 10,000m2 in FY2017/18 and remained unchanged until FY2025/26.

    Last year the target increased to 12,000m2 and has remained at that level for FY2026/27.

    These targets are in the Operational plan.

12. The City of Sydney exceeded its 2025/26 footpath renewal target through improved alignment with the City's asset management priorities, a focus on accessibility improvements, and more efficient planning and packaging of works. This enabled larger renewal projects to be delivered more effectively and increased the overall area of footpath renewed during the year.

    Examples of footpath renewal projects completed in 2025/26 include:

    - **Cathedral Street, Woolloomooloo** – approximately 2,500m² of new concrete footpath and street gardens.
    - **Chalmers Street, Redfern** – approximately 1,100m² of renewed concrete footpath and tree surrounds.

- **Bank Street, Pyrmont** – approximately 750m² of concrete unit paving and tree surrounds.

These projects contributed to improved asset condition, accessibility, and pedestrian amenity across the local area.

Approximately 90% of the target delivery was achieved through the Footway renewal program budget, with the remaining 10% delivered through other projects and programs budgets such as New Traffic and Pedestrian Improvements.

13. The Footway Renewal Program, representing approximately 90% of the overall delivery target (refer to question 12), received a budget allocation of $9.5M. Expenditure of $9.4M was incurred during the year, resulting in a favourable variance of 1%.

14. Council prepares its capital budget based on the best information available at the time, including project scope, estimated costs, funding availability, procurement timelines and expected delivery schedules. However, actual delivery can differ from the original budget due to a range of factors, including:

- Delays in planning approvals, design completion.
- Procurement and tender processes taking longer than anticipated.
- Contractor availability, resourcing constraints or supply chain issues.
- Weather events and other unforeseen site conditions.
- Changes in project scope or priorities during the year.
- Dependencies on external agencies, grant funding approvals or utility providers.
- Community consultation outcomes requiring further project refinement.

Council also includes appropriate contingency allowances within project budgets to manage risks and uncertainties that are inherent in delivering large and complex capital works programs.

From an accounting perspective, expenditure is only recognised when the work has been completed or assets acquired. Where a project is delayed and the budget is not fully spent by year end, the unexpended budget does not automatically carry forward. Instead, a revote is recommended through the end-of-year reporting process so that the remaining budget can be re-approved for the following financial year, ensuring continued funding for projects that are still underway while maintaining appropriate governance and budget control.

2. Staffing and Use of Contractors 2025/26

By Councillor Ellsmore

The City of Sydney budgets for a full staffing complement, and backfills roles as needed. The 2025/26 Quarter 4 Review report reported on employee costs, and agency contractor costs.

Question

1. What was the estimated employee costs including on costs for 2025/26?

2. What was the actual employee costs including on costs for 2025/26?

3. What was the estimated agency contractor costs for 2025/26?

4. What was the actual agency contractor costs for 2025/26?

5. Why was the agency contractor costs higher in 2025/26 than estimated?

6. What are the areas or roles where agency contractors are used? Please provide a summary.

7. Has budgeting been updated in 2026/27 to reflect the difference between actual and estimated employee and agency staff costs in future budgets?

X113783

Answer by the Chief Executive Officer

1. The total employee benefits and on-costs excluding agency contract staff was forecast at Q3 $296.4M against a budget of $307.2M.

2. The actual total employee benefits and on-costs excluding agency contract staff was $297M.

3. The Q3 forecast for 2025/26 was $20.5M against a budget of $11.7M.

4. The actual 2025/26 agency costs were $22.1M.

5. Vacant roles remained vacant for longer than anticipated in the Q3 forecast, resulting in $1.6M higher spend on agency backfilling vacant roles, particularly in digital and information services, city cleansing and resource recovery and parks services and operations.

6. The following job categories, in descending order, have seen the highest demand for contingent workers:

General Industrial (cleansing and resource recovery and parks services)
Childcare
Leisure
Information Technology
Technical
Libraries
Administration
Professional
Community and Social Care
Finance
Facilities Management and Building Services
Customer Services

7. No change has been made to the underlying budgeting approach for 2026/27. The City continues to budget salaries and wages based on its full approved establishment, reflecting the expectation and objective that all permanent positions will be filled.

   Where vacancies occur, agency or contingent labour is often used to maintain service delivery until permanent recruitment is completed. As a result, salary savings from vacant positions may be offset by agency staffing costs. This can create apparent overspends against the agency staff budget line, even though the overall employee-related expenditure remains within budget.