

2019/20 Quarter 4 Review - Delivery Program 2017-2021

File No: S096187

Summary

This report reviews the interim operating and capital results against budget for the 2019/20 financial year, and progress against the performance measures identified within the Operational Plan 2019/20, being the third year of the Delivery Program 2017-2021.

The City had been performing extremely well and was forecast to be ahead of budget at year-end until the emergence of the Covid-19 virus. The pandemic, and the City's response to support its community through this crisis, has had an immediate effect on the City's operations and adversely impacted its financial performance.

In response to this rapidly evolving situation, in March 2020 Council resolved to undertake a range of support measures to assist the community and businesses across the City for six months to 30 September 2020, in line with Federal and State Government advice. The support packages estimated at a total value of \$72.5M, included the waiver of a number of fees, return of deposits for events that were unable to proceed, provision for commercial property rental abatement and flexible parking arrangements, new grants and donation programs, and a commitment to bring forward capital works that would directly support employment.

In response to the significant downturn in council's revenue sources, Council approved an increase to the CEO's Operating Contingency budget of \$35.0M to ensure adequate provision to fund the continuation of normal services. This effectively increased the Operating Expenditure budget for 2019/20, which in turn reduced the budgeted Operating Result from \$112.9M to \$77.9M, and the budgeted Net Surplus from \$36.5M to \$1.5M. In this report, Council's financial performance is measured against the adjusted Operating Result and Net Surplus.

Council's financial performance at Quarter 4 2019/20 reflected an Operating Result of \$105.9M, against a budget of \$77.9M. After allowing for interest income, capital grants and contributions, depreciation, capital project related costs, light rail contribution to NSW Contribution and gain on investments and the sale of assets, the Council achieved a Net Surplus of \$85.0M against the Net Surplus budget of \$1.5M. The favourable full year variance of \$83.5M predominately reflects the delay in light rail payment of \$40.9M, additional capital contributions and favourable variances in operating expenditure. The major variances are discussed within the body of this report, and full details are provided at Attachment A.

The Capital Works Program expenditure of \$156.3M compared to a full year budget of \$294.5M, again reflecting the deferred light rail payment. A summary of the 2019/20 capital project expenditure and proposed budget net revote of funds to 2020/21 and future year forward estimates are outlined within the body of this report, and detailed at Attachment B.

The Information Services capital expenditure for projects was \$15.9M compared to the full year budget of \$22.0M.

The Plant and Equipment expenditure, net of disposals, was \$12.2M against a full year budget of \$20.4M. The original budget of \$19.4M was increased by an additional \$1.0M from City's capital works contingency to procure an additional 500 devices that were required immediately to support City staff's capacity to work from home.

Property Divestments of \$25.5M reflects the sale of two properties no longer required for operational purposes, while the net full year forecast result reflects the recent strategic acquisition of a property for the Town Hall Square project and the deferment of open space acquisitions as the negotiation and due diligence on suitable sites is undertaken.

This report presents interim financial results against budget for the 2019/20 financial year. The financial results are still being finalised in preparing the annual financial statements, which will be external audited in August, and it is anticipated that there may be some final adjustments to the results presented in this report. Any significant changes will be highlighted in the report covering the annual financial statements, to be presented to Council in October 2020.

Progress against the Delivery Program performance measures is generally satisfactory, with full details provided at Attachment C, and a number of operational achievements are highlighted within the body of this report.

The additional supplementary reports, which include details of contracts over \$50,000, major legal issues and the Quick Response, Banner Pole and Reduced Rate Grant Programs, are provided at Attachment D for information.

The Environmental Sustainability Progress Report provides further details on the achievements against the targets in the Environmental Plan for both the local government area and the City's own operations. This is provided at Attachment E.

Recommendation

It is resolved that Council:

- (A) note the interim financial performance of Council for the 2019/20 financial year ending 30 June 2020, including the Net Surplus of \$85.0M as outlined in the subject report and summarised in Attachment A to the subject report;
- (B) note the full year Capital Works expenditure of \$156.6M for 2019/20, and approve the proposed revote of budget and other adjustments of \$15.6M to increase the adopted 2020/21 budget to \$296.3M to progress the planned capital works, as detailed in Attachment B to the subject report;
- (C) note the Information Services capital expenditure of \$15.9M for 2019/20, and approve the proposed revote of \$5.9M and bring forward of \$0.5M of funds to increase the adopted 2020/21 budget to \$18.7M;
- (D) note the full year Plant and Assets expenditure of \$12.2M for 2019/20, net of disposals, and approve the proposed revote of \$6.4M to increase the adopted 2020/21 net budget to \$14.4M;
- (E) note the full year Property Divestment of \$25.9M in 2019/20.
- (F) note the operational performance indicators and quarter and full year achievements against the Delivery Program 2017-2021 objectives, as detailed in Attachment C to the subject report
- (G) note the supplementary reports, including contracts issued over \$50,000, major legal issues and the Quick Response, Banner Pole and Reduced Rate Grant Programs in Quarter 4, as detailed in Attachment D to the subject report; and
- (H) note the Environmental Sustainability Progress Report, as shown at Attachment E to the subject report.

Attachments

- Attachment A.** Financial Results Summary
- Attachment B.** Capital Expenditure Financial Results
- Attachment C.** Fourth Quarter Operational Report 2019/20
- Attachment D.** Fourth Quarter Supplementary Report 2019/20
- Attachment E.** Environmental Sustainability Progress Report

Background

1. The City's 2019/20 Operational Plan (within the 2017-2021 Delivery Program), including the 2019/20 budgets, was adopted by Council on 24 June 2019.
2. In response to the Covid-19 pandemic, and its impact upon many of the City's major revenue streams, a revised Operating Budget was adopted at an extraordinary Council meeting on 30 March 2020 that increased the CEO's Contingency budget by \$35M to ensure adequate funding for continuity of services. A revised Operational Plan 2019/20 was then exhibited including the proposed grants program and this revised budget for 2019/20, which reduced the budgeted Operating Result from \$112.9M to \$77.9M and the budgeted Net Surplus from \$36.5M to \$1.5M.
3. In this report, Council's interim financial performance for the year is measured against the adjusted Operating Result and Net Surplus.
4. The Local Government Act 1993 requires quarterly progress reports against the financial objectives and six monthly reports against the Operational Plan.
5. This report provides the fourth quarter (Q4) and full year forecast financial results for the 2019/20 financial year, and the achievements to date against the Operational Plan objectives.
6. A Q4 Financial Results Summary, together with a detailed breakdown of income and expenditure items, and a separate report showing operating results by the principal activities identified within the Operational Plan, are provided at Attachment A.
7. The Capital Expenditure results for the 2019/20 year, together with a summary of project expenditure, and proposed budget adjustments for 2019/20 and future years, are outlined within the body of this report and detailed at Attachment B.
8. Progress against the Operational Plan performance measures was generally satisfactory, with full details provided in Attachment C, and a number of operational achievements are highlighted within the body of this report.
9. Additional reports, including expenditure against contingency funds, contracts over \$50,000, major legal issues and the Quick Response, Banner Pole and Reduced Rate Grant Programs, are also provided at Attachment D for information.
10. The Quarterly Environmental Sustainability progress report provides further details on the achievements against the targets in the Environmental Plan for both the local government area and the City's own operations. This is provided at Attachment E.

2019/20 Operating Budget

11. The original adopted 2019/20 budget projected operating income of \$609.5M and operating expenditure of \$496.6M, for an Operating Surplus of \$112.9M. After allowing for interest income of \$14.3M, capital grants and contributions of \$68.0M, depreciation expenses of \$107.5M, capital project related costs of \$10.3M and outgoing contributions for light rail of \$40.9M, Council budgeted for a Net Surplus of \$36.5M.

12. As noted above, Council then resolved at the 30 March Council meeting to increase the CEO's Operating Contingency budget of \$35.0M and amend the 2019/20 Operating budget in response to the financial impacts of the Covid-19 pandemic. The budgeted Operating Result was reduced from \$112.9M to \$77.9M, and the budgeted Net Surplus reduced to \$1.5M.
13. The CEO's Operating Contingency budget was then allocated to specific Divisions with business units that either experienced significant falls in revenue income (e.g. the Parking, Enforcement and Fleet Services Unit) or increases in expenditure (e.g. the Grants and Sponsorship Unit). Following these transfers, as set out in the body of the report, all Divisions are forecast to remain within their amended operating budgets.

Fourth Quarter Operating Results

14. The interim Q4 Operating Surplus was \$105.9M against the revised budget of \$77.9M, a favourable variance of \$28.0M. After allowing for interest income, capital grants and contributions, depreciation and capital project related costs, the Net Surplus was \$84.9M against a budgeted surplus of \$1.5M, a favourable variance of \$83.4M.
15. The result includes an operating income result which is unfavourable to budget of \$25.7M, favourable variances to budget of \$53.6M for operating expenditure and \$15.8M for capital grants and contributions, unfavourable variances of \$7.5M for depreciation and \$4.3M for capital project related costs not leading to the creation of a City of Sydney asset, while the \$40.9M contribution to the State Government for the light rail had to be deferred until August 2020.
16. The primary operating income variations to the budget are detailed in the table below:

Income Type	2019/20 Full Year Budget Variance Favourable / (Unfavourable)	Comment
Advertising Income	(\$2.2M)	Poor advertising market conditions and a steep decline in outdoor advertising spending across the industry caused by the coronavirus pandemic.
Commercial Properties	(\$10.2M)	The unfavourable result reflects a reduction in QVB ground rent due to Covid-19 impacts, and commercial portfolio rent relief requests in line with the Federal Government's Code of Conduct for commercial tenancies and New South Wales (NSW) government legislation (catering to approx. 160 leases).

Income Type	2019/20 Full Year Budget Variance Favourable / (Unfavourable)	Comment
Enforcement Income	(\$11.0M)	A reduction in enforcement during the early stages of the Covid-19 pandemic as a flexible approach to enforcement was adopted led to significant reduction. Other factors contributing to the decrease included extremely adverse weather conditions during earlier parts of the year, (smoke haze days and wet weather days).
Grants and Contributions	\$1.7M	Unbudgeted State Government contribution of over \$1M relating to three pop-up cycleways in Erskineville, Pitt Street North and Dunning Avenue.
Other Fees	(\$2.3M)	Council resolved to accept additional granite paving in lieu of invoicing TfNSW for light rail street cleaning costs as was anticipated in the budget.
Other Income	\$8.5M	The City received \$7.5M to fund minor rectification works as part of the finalisation of the Light Rail project with Transport NSW.
Parking Meter Income	(\$6.9M)	Covid-19 impacted the demand for parking as more people worked from home, and the City took a flexible approach to parking.
Parking Station Income	(\$2.3M)	Reduced traffic volumes in the City from the completion of light rail works, a shift towards public transport and a downturn in economic activity in Kings Cross leading to reductions in trade and customers. Also, Covid-19 impacts as more people are working from home, and the City offered free parking to essential front-line workers.
Private Work Income	(\$1.2M)	Less works undertaken due to Covid-19.

Income Type	2019/20 Full Year Budget Variance Favourable / (Unfavourable)	Comment
Rates and Annual Charges	\$5.4M	Favourable result relates to an increase in domestic waste income following the bin audit conducted as part of the introduction of the new contract, and increases from supplementary valuations and the legal settlement of an outstanding rates matter.
Venue/Facility Hire	(\$3.2M)	The unfavourable result reflects the impact from Covid-19 with venues closed.

17. The primary operating expenditure variances to the budget are detailed in the table below:

Expenditure Type	2019/20 Full Year Budget Variance Favourable / (Unfavourable)	Comment
Employee Related	\$1.9M	The variance predominately relates to permanent vacancies, partially offset by an increase in agency used to backfill and an adjustment to our provision for workers compensation, as estimated by the actuary's annual report, reflecting an increase in the value of potential claims in future years, and the impact of lower long term bond rates
Consultancies	\$1.5M	Minor delays across a range of operating project initiatives.

Expenditure Type	2019/20 Full Year Budget Variance Favourable / (Unfavourable)	Comment
Enforcement and Infringement Costs	\$2.4M	Full year forecast reflects the Covid-19 impacts where the City adopted a flexible approach to enforcement in the early stages of the Covid-19 pandemic
Event Related Expenditure	\$4.1M	Impacted by the cancellation of events due to the Covid-19 pandemic.
Expenditure Recovered	(\$2.2M)	Cost relating to monorail works which have not yet commenced, were budgeted to be recovered from the NSW Government as the project progressed.
Government Authority Charges	\$1.8M	A long-held provision for a 15% levy on commercial revenue generated on Crown Land, including Hyde Park, is no longer required as the State has recognised the costs incurred by council to maintain these lands.
Grants, Sponsorships and Donations	(\$6.1M)	Due to an increase in spending relating to the Covid-19 Response Grants Programs and Accommodation Grants programs.

Expenditure Type	2019/20 Full Year Budget Variance Favourable / (Unfavourable)	Comment
Operational Contingencies	\$39.2M	Additional \$35.0M budget approved by Council in March held in this cost category, but transferred between Divisions to cover for unfavourable variances incurred across a range of income and expenditure categories as a result of the financial impact of the Covid-19 pandemic.
Infrastructure Maintenance	\$2.6M	Monorail works have not yet commenced, lower street furniture transition costs due to the later than anticipated conclusion of contract negotiations. Savings were partially offset partly by an increase in expenditure for Roads and Footway maintenance as part of additional works in the CBD.
IT Related	\$5.4M	Slight delays in some IT system development works and reflecting the Property MIS project work cost being lower than originally budgeted.
Other Operating Expenditure	\$4.4M	The variance mainly relates to delays in Ausgrid's accelerated rollout of the LED lighting upgrade program.
Property Related Expenditure	(\$3.9M)	Relates to an increased spend in reactive property maintenance work and preventative property maintenance.
Utilities	\$1.6M	Favourable result relates to reduced consumption.

Income Type	2019/20 Full Year Budget Variance Favourable / (Unfavourable)	Comment
Capital Grants and Contributions	\$15.8M	Reflects contributions from developers towards infrastructure assets. Contributions from CBD developments and from the southern areas of the LGA have been higher than anticipated. Timing of these large receipts is challenging to predict.

Expenditure Type	2019/20 Full Year Budget Variance Favourable / (Unfavourable)	Comment
Depreciation	(\$7.5M)	An adjustment to the depreciation of a building based on a reclassification of the building categories and associated lifecycles terms.

Income Type	2019/20 Full Year Budget Variance Favourable / (Unfavourable)	Comment
Light Rail Contribution to NSW Government	\$40.9M	City will pay this contribution early in the 2020/21 financial year following the finalisation of the project.

18. Following the allocation of the CEO's operational contingency funds, all Divisions have delivered an Operating Result within their revised budgets. The contingency funds have been held centrally in each Division, rather than allocated to the individual Operating Units, to identify the impact and financial consequences of the pandemic.

19. The City Property Unit has an unfavourable result due a reduction in commercial property income, noted above, caused by the impact of the Covid-19 pandemic. The Grants and Sponsorship Unit, has an unfavourable result due to increased Quick Response, Community Support and Small Business Grants program that were increased to support the local economy. The City Rangers Unit has an unfavourable result due to a downturn in enforcement income. The Parking and Fleet Services Unit's unfavourable result is due a reduction in parking meter and station income. Venue Management has an unfavourable result due to the forced closure of venues. As was the case at Q2, the Cleansing & Waste Unit also has an unfavourable result, relating to a reduction in street cleaning income as a Council resolution accepted additional granite paving in lieu of invoicing Transport for NSW for light rail cleaning costs.

Capital Expenditure

20. The Capital Works program achieved expenditure of \$156.3M against a full year budget of \$294.5M, inclusive of the unpaid light rail contribution of \$40.9M.
21. A number of projects were completed in 2019/20, including: Peter Forsyth Auditorium flooring, Joseph Sergeant Centre, Green Square Trunk Drain, Green Square to Randwick Cycleway and Cutler Footway and Burton Street viaduct restoration. Numerous asset renewal programs were also completed during the year.
22. The capital works program adopted within the 2020/21 Operational Plan in June, anticipated higher final expenditure in 2019/20. It is therefore required to now carry forward or revote a further \$21.4M of these unspent funds into the future year's forward estimates to ensure sufficient funding is approved to undertake these capital works projects during 2020/21 and beyond.
23. Following a final review of the 2019/20 program, taking into account the revised revotes, the project timelines, the time required for community engagement and the capacity to deliver the program, it is recommended that \$5.7M is now pushed into the future years forward estimates for a 2020/21 revised budget of \$296.3M (including \$41.1M for the light rail contributions).
24. Within programs, funding from Capital Works projects that are finalised with savings may be utilised to offset the additional expenditure required for other project's completion.
25. A financial summary of the 2019/20 Capital Works program, a schedule showing the funds carried forward and deferred, and the revised 2020/21 budget with future years' forward estimates by significant project and program are provided in Attachment B
26. Significant variances and explanations to budget for the 2019/20 year for projects and programs which have been reported in the previous quarterly reports remain unchanged.

27. A financial summary of the Capital Works program, a schedule showing the funds carried forward and deferred, and the revised 2020/21 budget with future years' forward estimates by program, and a status report on all active capital projects exceeding \$5.0M in value is provided at Attachment B.
28. The Plant and Assets expenditure incurred during the year, net of disposals, was \$12.2M against a budget of \$20.4M, the underspend predominately reflecting plant and assets which were not delivered within the year. It will therefore be necessary to carry forward or revote an additional \$6.4M and will increase the adopted 2020/21 budget for Plant and Assets from net \$8.0M to a net \$14.4M. A financial summary of the 2019/20 result against budget, and the revised 2020/21 budget are included in Attachment B.
29. Information Services capital works expenditure, for projects being delivered internally, was \$15.9M against a budget of \$22.0M. It will therefore be necessary to carry forward (or revote) an additional \$5.9M. This will increase the adopted 2020/21 budget for Information Services capital works from \$12.3M to \$18.7M.
30. The Property Acquisitions and Divestments result for 2019/20 reflects the sale of Stockton House and a former council depot site in Redfern, as resolved by Council, the latter to a community housing provider to promote affordable housing. These sales are offset by the strategic acquisition of the Commonwealth Bank building in George Street for the Town Hall Square project, earlier than anticipated in the City's long term financial plan. The favourable result to budget reflects the deferment of planned open space acquisition while the negotiation and due diligence on suitable sites is undertaken.

Operational Highlights

31. The City's activities were substantially impacted by the Covid-19 pandemic during the last quarter. The NSW Government passed legislative changes and emergency orders aimed at restricting the spread of the virus and improving access to essential supplies. Legislation and public health orders have changed rapidly since the onset of the pandemic and City staff are constantly monitoring and advising of relevant changes to impacted operational areas
32. A range of recovery and response actions were implemented to support our staff, businesses and the community.
 - (a) The public health orders required the closure of services such as community centres, libraries and aquatic centres and the cancellation of several events.

- (b) Our library services team undertook a staged transition to closures in response to the health directive. The City continued to offer library services such as our home library service which evolved to provide a valuable contactless service to its vulnerable member base. The online library collection saw a 74 per cent increase in usage across all resources, compared to the same time last year. New resources were added to the extensive online collection during the pandemic and temporary free online memberships were introduced allowing the community to join our library without visiting a branch.
- (c) A majority of office-based City staff successfully commenced working from home in mid-March. Frontline service delivery staff continued to provide essential services such as waste collection and parks maintenance. Staff have now commenced a staged return to the office using Covid-19 safe principles.
- (d) Residential waste levels increased as people spent more time and ate more meals at home, and the amount of bulky household waste increased. Services in highly populated suburbs were increased to meet demand, focussing on multi-unit dwellings in densely populated areas and the public domain and street litter bins near supermarkets and popular takeaway vendors.
- (e) Deep cleaning operations were conducted in the public domain around hospitals, schools, supermarkets and high traffic take away vendor areas. Ordinance Rangers patrolled parks and with a focus around exercise equipment and playgrounds to encourage users to adhere to social distancing.
- (f) The provision of important community events was adapted during the pandemic. For example for the 2020 Anzac Day event, the City created an ANZAC Day page using the "What's On" website with information about activities on the day, including the RSL's Light up the Dawn event and the ABC's live stream broadcasts.
- (g) The City issued Emergency Essential Worker parking permits, which allow parking in a residential permit area, to: Red Cross; child care centres; aged care centres; social services such as Mission Beat, Meals on Wheels; Sydney City Police; Surry Hills Police; Kings Cross Police; St Vincent's, Royal Prince Alfred Hospital, Life House Cancer, St Luke's and Sydney Eye hospitals. Parking is also available for essential services staff free of charge at Goulburn Street and Kings Cross Parking Stations.
- (h) The City developed and Council endorsed a Covid-19 Relief Grants program to provide urgent financial assistance to the City's cultural and creative, small business and community sectors. A City Concierge service was established to ensure enquirers from the business, cultural and community sectors received integrated and tailored advice relating to the City's grants offering, other City services available to them and general information on how to pursue other relevant avenues for support.
- (i) The City's indoor pools and gyms at Ian Thorpe Aquatic Centre (ITAC) and Cook + Phillip Park Aquatic and Fitness Centre re-opened on 23 June. Perry Park Recreation Centre reopened on 22 June for three days a week however there is no contact focussed sport. Covid-19 Safe Plans were prepared for each centre and the necessary changes to operations were made including physical distancing signage, increased cleaning schedules, provision of sanitizer stations, QR codes for contact tracing, staff training on Covid-19 awareness and what to do if there is a reported case.

- (j) Council-owned tennis facilities were closed on 1 April 2020 in response to the Covid-19 crisis and reopened from 23 April 2020. Court usage will be subject to conditions such as social distancing and good personal hygiene practise.
 - (k) The City implemented a dedicated community hotline in partnership with the Red Cross who will be available to provide a call back service to residents who wish to receive regular welfare checks. City staff are linking vulnerable individuals and groups to a network of over 60 agencies providing food support in the City. This is being coordinated through a central steering committee and operational group and is majorly supported with resources from OzHarvest who have utilised the City's \$1 million donation to adapt their service delivery model.
33. Other operational highlights for the June quarter include:
- (a) The City's Meals on Wheels program continues to operate with over 9,000 meals provided in quarter 4. The service has increased support to 18 new clients since March.
 - (b) The annual Youth Week program, this year referred to as 'Youth Fest 2020', was held online throughout May and June 2020. Two online programs were included: Electro-pop and Underproof. Electro-pop provided free daily dance classes via Zoom culminating in a dance performance. Underproof provided weekly music industry workshops via FaceBook live culminating in a live online band performance.
 - (c) The City accepted a tender from Regal Innovations to design and construct The Drying Green, an expansive 6,200 sqm park to be linked to the future Green Square town centre. It is named in honour of the wool washing and drying that once took place in what is now Green Square – one of the first industries in the city's inner south. The Drying Green will provide pedestrian access to the new library and plaza and community facilities in the town centre. The park will feature grass lawns, a wetland water feature that collects and reuses stormwater, a picnic and barbecue area, terraced seating, a solar-powered public artwork, an amenities building with a green roof and sloping, landscaped surfaces.
 - (d) The City works collaboratively with Transport for NSW (TfNSW) to improve safety for all road users by reducing speed limits on roads within our local government area. Speed reviews were successfully accelerated with activation of new speed zones in June 2020. The new activations include a reduction in speed limit from 50 to 40 km/h in all local roads in the following suburbs: West Paddington, Darlington, Ultimo, Pyrmont, Camperdown, Paddington, and in the following streets: Bridge Road, Glebe / Forest Lodge; Oxford Street, (College Street to Flinders Street), Paddington; Pyrmont Bridge Road, Ultimo / Pyrmont and Ross Street, Minogue Crescent and The Crescent in Forest Lodge.
 - (e) A new suite of street furniture equipped with digital screens will be in use across the city from 2021, with the signing a new long-term contract with QMS Media. The ten-year deal, with an option for a five-year extension, will see a newly designed suite of bus shelters, kiosks and public toilets replace the current furniture, which has mostly been in place since 1997.

- (f) The upgrade of Ross Street Playground, Forest Lodge was completed and opened to the public on 15 May 2020. The works included new playground equipment, fencing and gates, colourful rubber soft fall, areas to sit and relax both within and away from the playground, upgraded furniture and new bubbler and more trees and gardens.
- (g) The draft Central Sydney Planning Strategy was placed on exhibition from 1 May for an extended 10 week period. The strategy will guide central Sydney's commercial, residential and recreational future and will enable more jobs and growth while protecting the city's iconic heritage and public spaces. It outlines a vision for buildings more than 300m tall, more office space, high-quality design and public places. The Central Sydney Planning Strategy is the most detailed planning review of the city centre in more than four decades.
- (h) A number of new cycleways and shared paths were completed including Maddox Street and Bourke Road priority bike crossing, and Wilson Street and Burren Street cycleways. Safety improvements on Kent Street cycleway have also been completed. Additionally, the City and Transport for NSW are jointly installing approximately 9 km of separated pop-up cycleways across the City as a key element of the NSW Government's Covid-19 transport response.
- (i) The development of the draft Sustainable Sydney 2050 strategy is continuing. Over the last twelve months the findings from the comprehensive research and community engagement programs informed the development of a draft Sustainable Sydney 2050 strategy. An outline of the strategic framework as well as the reports from the community engagement activities were considered by Council. Additionally, two update reports were considered by Council. These reports addressed the thematic areas of environment and resilience and equitable and affordable. The draft strategy is currently being reviewed to take account of the Covid-19 pandemic. It will be finalised during the 2020-21 year.

Financial Implications

- 34. At this stage the Operating Result is \$105.9M, with a Net Surplus of \$83.6M, representing a favourable variance of \$82.1M against budget. These Q4 results are interim, pending final audit clearance and a separate report to Council in October 2020. Financial performance in all principal activities, as defined within the Delivery Program 2017-2021, continues to be satisfactory against budget.
- 35. The City is fortunately in a strong financial position to meet the financial challenges that are being experienced as a result of the Covid-19 pandemic. Our annual and long term financial plans have always considered realistic assessments of our future revenue projections, and planned our operational and capital programs to ensure the City has the financial capacity to deliver these plans, while maintaining adequate cash reserves to meet our external and internal restriction requirements.
- 36. However the adverse impacts on a number of the City's key revenue streams are significant and expected to continue well into the 2020/21 financial year, prompting the need for Council to adopt a financial recovery plan. The City will therefore review its operational and capital programs regularly, and revise them as required, to ensure that they remain affordable in the current environment to ensure our long term financial sustainability.

Relevant Legislation

37. The Local Government Act 1993 and Local Government (General) Regulation 2005 require quarterly progress reports against the financial objectives and regular reports (at least six monthly) against the Operational Plan
38. Section 406 of the Act requires councils to comply with the Integrated Planning and Reporting Guidelines, issued by the Chief Executive of the Office of Local Government.

Critical Dates / Time Frames

39. The quarterly report is due to be submitted to Council within two months of the end of the respective quarter

Public Consultation

40. The information contained within this report reflects Council's interim financial performance in the 2019/20 financial year, pending finalisation of year-end financial statements and audit clearance.

BILL CARTER

Chief Financial Officer