

## 2021/22 Quarter 3 Review - Delivery Program 2017-2021

File No: X039568

### Summary

This report reviews the operating and capital results against budget for the 2021/22 financial year, and progress against the performance measures identified within the Operational Plan 2021/22, which represents an additional year for the Delivery Program 2017-2021 as a result of the extension to the previous Council term.

The Covid-19 pandemic, and the City's response to support its community through this crisis, has had a significant impact on the City's operations and adversely impacted its long term financial performance. While the Federal Government initially forecast the pandemic to last six months to September 2020, the operational and financial implications for the City's community and council have extended long beyond this original assumption.

The City committed early on to provide support to complement the Federal and State Government's financial assistance, and from the onset of the pandemic resolved two community support packages valued at \$72.5M focusing on local government responsibilities including fee waivers for footway dining, venue and banner hire, childcare services, parking services, rent relief in City-owned properties, grant funding for businesses and donations to support vulnerable communities. The City also partnered with the NSW Government, in 2020-21, to establish the \$20 million AI Fresco Summer program.

The City's 2021/22 budget was developed in a period that many of its major revenue sources had begun to show signs of significant improvement and was therefore quite optimistic in terms of our expected organisational and financial recovery. While not expecting a full revenue recovery, the City had budgeted for an Operating Surplus of \$110M, and a Net Surplus of \$23.7M. Unfortunately, by the time the budget was resolved in June 2021, the 'Delta' lockdown had commenced. While at that point the duration and extent of the later lockdown was uncertain, the ongoing pandemic and its impacts have continued to affect the City's businesses and community, our own operations and our forecast financial situation.

At the Quarter 1 Delivery Program review, the City had forecast an unfavourable operating variance of \$41.9M for the 2021/22 financial year, reflecting multiple and significant revenue losses arising from the Covid-19 pandemic, while most of our major expense items (salary and wages, materials and service contracts, etc) continued. Council therefore resolved to increase its CEO Contingencies budget by \$45.0M, which decreased its budgeted Operating Surplus to \$65.0M, so that the Chief Executive Officer could transfer sufficient additional budget to the affected Divisions so they could continue to authorise and deliver services to our community, whilst still operating within their approved budget delegations. The resolution did not provide any additional discretionary funds to the Chief Executive Officer.

A number of these ongoing financial risks continue to evolve, including the gradual return of staff to offices, activation initiatives, and property income forecasts reflect a further extension of the Federal Retail and Other Commercial Leases (Covid-19) Regulation 2022 to the end of March 2022 to provide additional rental relief and support for small to medium business tenants.

It should be noted that this global pandemic and the level of community infection continues to result in significant shortages to the available workforce, and is also disrupting the supply chain for building construction and other materials. These challenges are combining to impact the delivery of our core community services, a number of our capital works and technical projects, and also contributing to an environment of rising costs. The City continues to work closely with our suppliers to continue to deliver these services and projects, but the current environment presents ongoing timing and financial risks.

The Quarter 1 Delivery Program review noted that we expected that to have a clear picture of the pandemic's financial impacts on the City and its community by early 2022. It was proposed that by the Quarter 2 review, we would be in a position to provide an assessment of the total financial losses sustained for the last two years, since March 2020, to provide a financial recovery plan and a roadmap that would enable the City to understand what actions would be required to realign our finances back to the City's adopted long term financial plan.

Unfortunately, the latest 'Omicron' strain, which commenced in December, exceeded most predictions in terms of the level of infection and continues to impact the broader economy and the City's financial situation. While a number of Federal and State government and medical commentators are suggesting that the peak of infection may now have passed, we need to continue monitoring the situation, respond to the government health orders and other directives, and continue to update our best estimates as the situation develops.

Council's financial performance at Quarter 3 2021/22 reflected a year to date (YTD) Operating Surplus of \$69.7M, against a revised YTD budget of \$44.3M. After allowing for interest income, capital grants and contributions, depreciation and capital project related costs, the Council has achieved a YTD Net Surplus of \$32.7M against a YTD Deficit budget of \$16.6M. For the full year, Council is forecasting an Operating Surplus of \$75.9M which is an improvement on the adjusted budget of \$65.0M at Q1, and a Net Surplus of \$22.3M which is \$40.0M favourable to the revised budget, predominately reflecting favourable variances in operating expenditure and higher than anticipated capital contributions, partially offset by unfavourable variances in operating income. All major variances are outlined within the body of this report, and full details are provided at Attachment A.

The Capital Works Program expenditure of \$118.0M compares to a YTD budget of \$170.8M. The annual forecast for the program has been revised to \$177.4M against a full year budget of \$254.8M. A summary of the 2021/22 capital project expenditure and forecast is outlined within the body of this report, and detailed at Attachment B.

The Information Services capital expenditure for projects developed internally was \$11.0M against a YTD budget of \$19.1M, with a forecast of \$16.2M against a full year budget of \$24.2M.

The Plant and Equipment expenditure at Quarter 3, net of disposals, was \$4.6M against a YTD budget of \$11.3M, with a full year forecast of \$12.0M against a full year budget of \$16.3M.

Property Divestments (net) at Q3 were \$33.8M and forecasting a favourable variance of \$156.1M, reflecting the anticipated timing for a number of large property transactions, now expected to occur in the 2022/23 financial year.

This quarterly report focuses on the Council's financial performance and updates progress against the Capital Works Program. The detailed review of operational performance against the City's integrated plans are provided bi-annually after the December (Quarter 2) and June (Quarter 4) financial quarters, in line with the integrated planning regulatory requirements. 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, property and land use matters approved under delegation, international travel and the Quick and Community Emergency Quick Response, Banner Pole and Venue Hire Support Grant Programs, are provided at Attachment C for information.

An update on the progress of the City's Community Recovery Plan is provided at Attachment D.

## Recommendation

It is resolved that Council:

- (A) note the financial performance of Council for the third quarter, ending 31 March 2022, including the Quarter 3 Net Surplus of \$32.7M and the full year Net Surplus forecast of \$22.3M, as outlined within the report and summarised at Attachment A to the subject report;
- (B) note the Quarter 3 Capital Works expenditure of \$118.0M and a revised full year forecast of \$177.4M, and approve the proposed adjustments to the adopted budget, including transferring \$1.0M from capital works contingency and bringing forward \$2.2M of future year's funds into 2021/22 as detailed at Attachment B to the subject report;
- (C) note the Technology and Digital Services capital expenditure of \$11.0M and the full year forecast of \$16.2M;
- (D) note the Quarter 3 Plant and Assets expenditure of \$4.6M (net of disposals), and the full year net forecast of \$12.0M;
- (E) note the Quarter 3 net Property Divestment proceeds of \$33.8M, and the full year forecast net Property Divestment of \$24.1M;
- (F) note the supplementary reports, including contracts issued over \$50,000, major legal issues, property and land use matters approved under delegation, international travel and the Quick and Community Emergency Quick Response, Banner Pole and Venue Hire Support Grant Programs in Quarter 3, as detailed in Attachment C to the subject report; and
- (G) note the seventh Community Recovery Plan report, as shown at Attachment D to the subject report.

## Attachments

- Attachment A.** Financial Results Summary
- Attachment B.** Capital Expenditure Financial Results
- Attachment C.** Third Quarter Supplementary Report 2021/22
- Attachment D.** Community Recovery Plan Report 2021/22

## Background

1. The City's 2017-2021 Delivery Program and 2021/22 Operational Plan, including the 2021/22 budgets, were adopted by Council on 28 June 2021.
2. The Local Government Act 1993 requires quarterly progress reports against the financial objectives and six-monthly reports against the Operational Plan.
3. This report provides the third quarter (Q3) and full year forecast financial results for the 2021/22 financial year, and the achievements to date against the Operational Plan objectives.
4. A Q3 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.
5. The Capital Expenditure results to Q3, together with a summary of project expenditure, and proposed budget adjustments for 2021/22 and future years, are outlined within the body of this report and detailed at Attachment B.
6. 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 C for information.
7. The Community Recovery Plan progress report at Attachment D provides an update on the current state of the City, business and community confidence, and the activities undertaken in respect of the six agreed action areas.

## 2021/22 Operating Budget

8. The adopted 2021/22 budget projected operating income of \$624.5M and operating expenditure of \$514.5M, for an Operating Surplus of \$110.0M. After allowing for interest income of \$2.4M, capital grants and contributions of \$37.5M, depreciation expenses of \$113.9M, capital project related costs of \$8.7M, Council budgeted for a Net Surplus of \$27.3M
9. The second wave of the Covid pandemic, had a broad and deeply adverse impact upon performance against the City's 2021/22 adopted budget, which had been predicated on the continued gradual recovery of our major revenue sources. As detailed in this report, the pandemic and the subsequent lockdown following the public health orders, has significantly reduced the City's revenue from its property rentals, all parking related activities, venue and facility hire, and its construction related activities.
10. In order for the City's operations, services and facilities to continue for the benefit and support of our community, Council approved additional contingency budget of \$45.0M for operational support and a further \$5M for capital works at Q1 to allow the Divisions and business units impacted, to continue to operate within approved delegations.
11. The revised operating budget anticipated operating income of \$624.5M and operating expenditure of \$559.5M, resulting in an Operating Surplus of \$65.0M. After allowing for interest income of \$2.4M, capital grants and contributions of \$37.5M, depreciation expenses of \$113.9M, capital project related costs of \$8.7M, Council adopted a revised budget with a Net Deficit of \$17.7M.

**Third Quarter Operating Results**

12. The Q3 YTD Operating Surplus was \$69.7M against a budget of \$44.3M, a favourable variance of \$25.3M. After allowing for interest income, capital grants and contributions, depreciation and capital project related costs, the Net Surplus was \$32.7M against a budget deficit of \$16.6M, a favourable variance of \$49.3M.
13. The result includes operating income results which are significantly unfavourable to budget by \$62.4M, a favourable variance to budget of \$87.8M for operating expenditure which includes the increased \$45.0M of CEO contingency, a \$12.7M favourable variance for capital grants and contributions and a favourable variance of \$7.1M for gain on sale of assets.
14. The primary operating income variations to the budget are detailed in the table below:

<b>Income Type</b>	<b>2021/22 YTD Budget Variance Favourable / (Unfavourable)</b>	<b>2021/22 Full Year Budget Variance Favourable / (Unfavourable)</b>	<b>Comment</b>
Parking Station Income	(\$3.1M)	(\$3.1M)	Impacted by lockdown and isolation requirements as more people worked from home and free parking for essential workers. Enforcement has also been impacted by adverse weather conditions.
Parking Meter Income	(\$10.8M)	(\$10.7M)	
Enforcement Income	(\$16.1M)	(\$19.6M)	
Advertising Income	(\$5.1M)	(\$4.9M)	Street Furniture advertising income adversely impacted by Covid-19, and the resultant lack of passing foot traffic.
Private Work Income	(\$1.9M)	(\$2.5M)	Unfavourable due to the public health order restrictions including the temporary shutdown of the construction industry in the early phase of the lockdown in mid-2021. Impacted further by inclement weather.
Work Zone Income	(\$2.8M)	(\$3.1M)	
Venue/Facility Income	(\$4.2M)	(\$4.5M)	Venue closures, including recreational venues were closed due to the public health orders.

<b>Income Type</b>	<b>2021/22 YTD Budget Variance Favourable / (Unfavourable)</b>	<b>2021/22 Full Year Budget Variance Favourable / (Unfavourable)</b>	<b>Comment</b>
Community Property Income	(\$0.9M)	(\$1.3M)	Extension of rental waivers until March 2022 as the City continues to support its commercial tenants under the re-introduction of the Retail and Other Commercial Leases (COVID- 19) Amendment Regulation.
Commercial Property Income	(\$11.0M)	(\$14.3M)	QVB revenue share is also subject to the code, and significantly reduced the forecast income share to the City.

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

<b>Expenditure Type</b>	<b>2021/22 YTD Budget Variance Favourable / (Unfavourable)</b>	<b>2021/22 Full Year Budget Variance Favourable / (Unfavourable)</b>	<b>Comment</b>
Employee Related	\$7.6M	\$9.1M	Predominately relates to vacancies (partially offset by an increase in agency used to backfill).
Enforcement and Infringement Costs	\$4.1M	\$4.5M	Reduced infringements, results in lower processing fees, and no profit share to Revenue NSW as expenditure exceeded income.
Event Related	\$3.4M	\$2.5M	Due to Covid some events were scaled back or cancelled, including some Christmas events and the New Year's Eve picnic.

<b>Expenditure Type</b>	<b>2021/22 YTD Budget Variance Favourable / (Unfavourable)</b>	<b>2021/22 Full Year Budget Variance Favourable / (Unfavourable)</b>	<b>Comment</b>
Infrastructure Maintenance	\$6.2M	\$5.0M	Mainly due to the temporary shutdown of the construction industry, inclement weather, changes to the contract transition for street furniture and reduced meter maintenance.
Other Operating Expenditure	\$1.9M	\$2.2M	Reduction in Ausgrid's lighting network LED replacement program costs as residual, capital and maintenance charges are lower than anticipated in the budget, and lower bank charges due to lower parking meter usage.
Property Related Expenditure	\$4.5M	\$1.9M	A number of works have had to be delayed to next financial year due to the pandemic and inclement weather.
Service Contracts	\$3.1M	\$2.8M	Covid lockdown meant that several library programs / courses and sports competitions were cancelled. CBD revitalisation project delayed during lockdown and will extend into next financial year.
Utilities	\$1.9M	\$1.4M	Favourable due to consumption savings.

<b>Income Type</b>	<b>2021/22 YTD Budget Variance Favourable / (Unfavourable)</b>	<b>2021/22 Full Year Budget Variance Favourable / (Unfavourable)</b>	<b>Comment</b>
Interest Income	\$1.6M	\$1.8M	Higher opening cash balances and lower capital expenditure than anticipated in the budget. Interest rates offered are anticipated to slowly increase in the second half of this financial year.

<b>Income Type</b>	<b>2021/22 YTD Budget Variance Favourable / (Unfavourable)</b>	<b>2021/22 Full Year Budget Variance Favourable / (Unfavourable)</b>	<b>Comment</b>
Capital Grants and Contributions	\$12.7M	\$19.8M	The timing of developer contributions are difficult to predict.  The forecast represents some capital works grants which we are still anticipating to receive.

<b>Expenditure Type</b>	<b>2021/22 YTD Budget Variance Favourable / (Unfavourable)</b>	<b>2021/22 Full Year Budget Variance Favourable / (Unfavourable)</b>	<b>Comment</b>
Depreciation	\$5.4M	\$0.0M	The YTD variance in part is due to revaluations of some infrastructure asset classes at last year end, and timing of assets still to be completed.

Type	2021/22 YTD Budget Variance Favourable / (Unfavourable)	2021/22 Full Year Budget Variance Favourable / (Unfavourable)	Comment
Gain on Sale of Assets	\$7.1M	\$6.9M	Recognition of sale and disposal of heritage floor space at QVB.  Disposal of 330-332 Botany road, Alexandria, as resolved by Council.

16. The adopted 2021/22 operating budget was developed prior to the Covid-19 'Delta' lockdown commencing in late June 2021. Operational contingencies in the operating budget were increased from \$5.5M to \$7.0M, for the 2021/22 financial year, to include a higher provision for the uncertain operating and financial environment. However, the budget only anticipated the tail end impact of Covid-19 in areas, such as commercial property income, venue management and parking related services, with a gradual recovery back to normal expected after the height of the pandemic.
17. As noted above, Council resolved at Q1 to increase the CEO contingency by a further \$45.0M to allow those affected business units to operate within an approved financial framework and provide their required services to the community. The contingency budget has then been allocated to the impacted Divisions, as noted below, and detailed in Attachment A.
18. The City Life Division, specifically the Venue Management unit, was heavily impacted by the public health orders and the associated restrictions.
19. The City Projects and Properties Division, specifically City Property has been impacted by a reduction in commercial property income as the City continues to support commercial tenants with rental waivers, and the City's income share from QVB has also substantially reduced.
20. The City Services Division suffered the loss of income in the City Rangers, Parking and Fleet Services, and City Infrastructure units, due to the lockdown and health orders and far fewer people in the CBD.

### Capital Expenditure

21. The Capital Works program achieved expenditure of \$118.0M against a YTD budget of \$170.8M.
22. The full year forecast of the capital works program has been reduced from a budget of \$254.8M to \$177.4M following the latest review, which assessed the expected delivery of the projects and revised cost estimates for each individual project.

23. Capital Works projects that are finalised may have savings that can be utilised to offset the expenditure in programs requiring additional funds for project completion. Progress on a number of projects has also advanced beyond that included within the program budget projections for 2021/22. Approval is therefore recommended to bring forward funds of \$2.2M from future years' capital works forward estimates and \$1.0M from capital works contingency, and to reallocate funds from within relevant programs, into the 2021/22 budget to continue the progress on these projects.
24. There are a number of other cashflow changes also proposed within the future years' forwards estimates. Full details are provided at Attachment B.
25. Significant variances are forecast for a number of the 2021/22 capital programs asset enhancement budgets and future years' forward estimates, including
  - (a) Public Domain:
    - (i) Green Square to Ashmore Connection; Main works contractor commenced. Project delayed due to wet weather.
    - (ii) McDonald Street Widening Works; Additional funds required for main contract due to latent conditions and weather has had time impacts.
    - (iii) George Street South Pedestrianisation; Full year variance is due to the on-going and carry over impacts from the pandemic on resourcing of the skilled labour plus supply chain issues (especially on stone kerbs & pavers). The unprecedented heavy rains over the last quarter have exacerbated the impacts, with additional time delays reflecting resolution of latent site conditions and other authorities' interim and final approvals.
  - (b) Open Space and Parks:
    - (i) Wimbo Park Surry Hills; All additional reports requested by Transport for NSW for DA approval conditions have now been completed and ready for submission to Transport for NSW/Transdev. Tender to be issued to market shortly.
    - (ii) City Centre Playground Works; Early works undertaken Feb/Mar 2022. Council endorsed Plan of Management (March 22) and Native Title Compliance in March 2022. This enables design work to continue. Forecast reflects budget required to deliver project.
    - (iii) Alexandria School and Park Synthetic Sportsfield - Joint Use; Variance is due to impacts of Covid, and authority approval delays.
    - (iv) Sydney Park Impact Mitigation Works; Tender will go to market shortly for construction in 2022/23. Forecast reflects final scope and current market.
  - (c) Bicycle Related Works:
    - (i) King St Cycleway - Stage 2; Variance represents savings in construction costs against original project estimate. Savings to be used to fund future stage of project, subject to Transport for NSW approval.

- (ii) Pitt Street Cycleway; Construction underway. Annual variance reflects a more conservative forecast due to inclement weather. Total project variance is due to anticipated savings for the project. Project is funded by Transport for NSW.
  - (iii) Oxford Street West and Liverpool Street Cycleway; Revised project timeline reflects new design and additional consultation of permanent cycleway for Oxford Street and Liverpool Street (between Castlereagh Street and Flinders Street).
  - (iv) Erskineville Alexandria Precinct Cycleway Links; Forecast to reflect delay in the Railway Parade where additional detailed design work was required to meet the scope approved by Council.
  - (v) College Street Cycleway; Total project variance is due to construction cost savings. Annual variance is due to delay in Transport for NSW traffic signal review approval process.
26. Significant variances are also forecast for a number of the 2021/22 capital programs asset renewal budgets and future years' forward estimates, including
- (a) Stormwater Drainage:
    - (i) Joynton Avenue Stormwater Drainage Upgrade; Final design and budget pending additional flood modelling in progress.
    - (ii) Erskineville Trunk Drainage; Sydney Water Variation Agreement pending final signoff to finalise budget requirements.
  - (b) Open Space and Parks:
    - (i) Open Space Renewal - Archibald Fountain and Water Stairs; Project in construction. Delays with inclement weather. Completion anticipated late 2022.
  - (c) Properties Assets:
    - (i) Customs House – Façade Upgrade stage 2; Forecast increase reflects current market, proposed program, staging requirements and temporary works requirement.
    - (ii) Lift Upgrade/Replacement – Various Sites; Upgrades to many lifts being delivered in three phases. First phase recently approved by Council for installation. Second phase designs to be completed prior to installation tender being called.
    - (iii) Portfolio wide Air Conditioning Replacement Project; Contract expected to be executed by May 2022. Orders for equipment currently has long lead times due to Covid-19 impacts on supply chain.
    - (iv) Pittsway Arcade Food Court Refurbishment and Upgrade; Additional funds required to undertake the revised scope.

- (v) Commonwealth Bank 546 George Street - BCA Fire Electrical Renewal; Investigation works are underway. Fire Services specialist is currently validating scope.
- (d) Public Domain:
  - (i) City Centre Transformation – Associated; Delays from authorities (especially Ausgrid) in performing their enabling works and delays from other authorities (especially Transport for NSW) in providing some of the design / construction approvals to perform works. Recent heavy rains have also impacted progress.
  - (ii) Alexandria Local Area Traffic Management (LATM); Delays from Transport for NSW in approving traffic control signal plans has resulted in project deferral until July 2022.
  - (iii) Green Square Angle Parking; Weather delays to adjacent projects and presence of potential contaminated ground has required additional planning and delayed commencement until July 2022.
- 27. A financial summary of the Capital Works program, the proposed budget adjustments, and a status report on all active capital projects exceeding \$5.0M in value is provided at Attachment B.
- 28. Information Services capital expenditure, for internally developed projects, is \$11.0M against a budget of \$19.1M with a forecast of \$16.2M against a full year budget of \$24.2M. The current challenges being experienced, in regards to supply and specialist labour resources, means the reported forecast remains at risk.
- 29. The Plant and Equipment expenditure incurred year to date, net of disposals, was \$4.6M against a budget of \$11.3M, due to the timing of delivery for fleet and plant items. Full year expenditure of \$12.0M is forecast against a full year budget of \$16.3M at this stage.
- 30. Property divestments at Q3 reflects the sale of heritage floor space, and the divestment of 330-332 Botany Road, Alexandria, as resolved by Council.

### **Operational Highlights**

- 31. Lunar New Year celebrations for the Year of the Tiger took place from Saturday 29 January to Sunday 13 February 2022. Local artists were commissioned to create lanterns based on contemporary interpretations of the zodiac animals which were dotted along George Street in the city's CBD. A Lunar lanes event transformed Chinatown laneways with live entertainment, roving performers, market stalls, food trucks and DJs and lion dancing on 29 January. Other activities included a one-night street festival in Koreatown in Wilmot Street, a Lunar Spectacular show with community performers at Town Hall, and City streets adorned with banners designed by five local Asian artists. The City's annual Dragon Boat races were held 5-6 February where over 1,200 paddlers competed in 72 races over the weekend.

32. During February, two recycling drop-off events were held for residents – Household Chemical CleanOut and quarterly Recycle It Saturday. For the first time, the City partnered with Waverley and Woollahra Council to provide a joint Recycle It Saturday event at Alexandra Canal Depot open to residents from all three councils. Of the 816 attendees, 526 were City of Sydney residents, 196 were Waverley Council residents and 72 were Woollahra Council residents. The event recycled a total of 22 tonnes of materials of which electronics (11 tonnes) and textiles (4.8 tonnes).
33. The Community Emergency Quick Response Grants opened to applications on 4 August 2021 and closed 31 January 2022 and the total budget of \$350,000 has been allocated via 39 grants. Of the 39 approved grants, 14 projects were led by Aboriginal Community Controlled Organisations to the value of \$132,500. Grant funding has been used to distribute more than 500 fresh fruit and vegetable hampers to 12 local charities, distribute 1,500 food hampers and fresh cooked meals to 300 local Aboriginal families, provide essential non-food items to City of Sydney charities such as clothes, books, personal hygiene, and care packs and provide mobile devices to four Aboriginal Community Controlled Organisations to support their clients in staying connected with health and support services during the Covid-19 pandemic, as well as their family and friends.
34. The Yabun Festival held its 20th anniversary on January 26 at Victoria Park, Camperdown, celebrating Aboriginal and Torres Strait Islander culture. Victoria Park welcomed the Corroboree and the Yabun marketplace, while the neighbouring Seymour Centre was home to the Yabun Stage, a free event featuring performances from Aboriginal country music singer Col Hardy, Maroubra-based Gomerioi hip-hop artist Kobie Dee and country/roots musician Loren Ryan. The City of Sydney has supported the festival since 2004.
35. The City's bi-annual (homelessness) Street Count was held on February 22, 2022. There were 225 people counted sleeping rough across the local area, a 17 per cent decrease from the February 2021 count of 272 people. There were also 269 people staying in temporary and crisis accommodation on the night of the count, or at 81 per cent capacity. Total available beds were fewer, due to Covid-19 restrictions within Specialist Homelessness Services.
36. Gunyama Park Aquatic and Recreation Centre (GPARC) has received the prestigious 'AH Pierce Memorial Facility of the Year' Award from the Australian Recreation Institute (ARI). Specifically, GPARC was recognised for its "aesthetics, access, and renewable design". GPARC was commended for its inclusive design, becoming the first aquatic centre in NSW to have a fully accredited Changing Places toilet and its 5 Star Design and As-Built rating under the Green Building Council of Australia.
37. An upgrade of the Taylor Square Fountain's lighting and paving has been completed. The upgrade included the replacement of the existing inground halogen lights with 74 new energy efficient LED lights with the option for creating a new rainbow coloured lighting display; the cleaning and relaying of existing pavers in good condition and replacement of damaged pavers; sealing of pavers to protect them from staining and reduce the likelihood of weed growth and installation of new stainless steel grates.
38. The City has acquired four powerful new Mercedes Benz Econic garbage compactors, with another five on the way. The Econics trucks use the latest technology to save energy and reduce emissions and dust pollution. The truck has reduced road accidents involving pedestrians and cyclists in Europe thanks to a 'direct vision' cabin. This gives drivers a better view of vulnerable road users.

39. As part of the City's Community Recovery Plan, the City of Sydney's Sydney Summer Streets program transformed a series of village high streets into spaces for walking, shopping, and dining for one day. The City provided acoustic roving entertainment and chairs and tables around the street, and a food court style arrangement of up to 150 tables and 475 chairs at each street closure. Venues for the summer street program included Kings Cross (between Bayswater Road and Hughes Street), Redfern (Redfern Street), Glebe (Glebe Point Road) Pyrmont (Harris Street) and Darlinghurst (Stanley Street). The summer street events were held from 22 January through to 12 March.
40. The City's alfresco dining project has won the Local Government New South Wales Planning Award and Greater Sydney Commission Award. The City launched a free, fast-tracked application process for outdoor dining in December 2020 to help support the hospitality industry, cutting through red tape and making it easier for cafés, bars, restaurants and cultural venues to serve more customers while following physical distancing regulations. Approval times for footpath dining have shortened from up to 6 weeks to a 10-day turnaround. 264 businesses across 20 suburbs have had an outdoor dining application approved with the new process representing 4,023 square metres of alfresco dining spaces.

### Financial Implications

41. Financial performance in the majority of the principal activities, as defined within the Delivery Program 2017-2021, continues to be impacted by Covid-19, and noted in the body of the report.
42. At Quarter 3 the YTD Operating Surplus was \$69.7M, with a full year forecast Operating Surplus of \$75.9M against a revised budget of \$65.0M.
43. At Quarter 3 the YTD Net Surplus was \$32.7M, with a full year forecast Net Surplus of \$22.3M against a deficit budget of \$17.7M, a favourable variance of \$40.0M.
44. In the current year, the Covid-19 pandemic has had a significantly adverse impact on a number of the City's key income streams and the City continues to expend significant sums in support of its local economy and community, including donations and a number of additional grant programs.
45. As the challenging operating environment has extended deep into the second half of this financial year, the City will continue to review its operational and capital programs, within its long term financial plan, to update its financial recovery plan and ensure that all plans are in line with our long term financial sustainability principles. The long term financial plan is incorporated within the suite of integrated planning and reporting documents, to be considered by Council in May, then publicly exhibited before formal adoption in June 2022.
46. The City remains in a strong financial position with a YTD cash balance of \$723.8M that includes unrestricted funds of \$322.5M. The 2021/22 year end cash position is forecast to be \$600.4M, favourable to budget by \$274.0M, largely reflecting the operational and capital expenditure variances explained within this report, and a number of significant budgeted property acquisitions which are now expected to occur next financial year.

47. Note that surplus funds not yet required for projects are generally being directed towards specific cash reserves (restrictions), in accordance with Council's resolution and the City's long term financial plan, while the majority of the unrestricted cash is required to fund those capital programs without a specific reserve.

### **Relevant Legislation**

48. 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.
49. 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**

50. The quarterly report is due to be submitted to Council within two months of the end of the respective quarter.
51. The information contained within this report reflects Council's financial performance in the 2021/22 financial year.

### **Public Consultation**

52. There is no requirement for prior public consultation for this report.

**BILL CARTER**

Chief Financial Officer