

## 2022/23 Quarter 2 Review - Delivery Program 2022-2026

File No: X084366

### Summary

This report reviews the operating and capital results against budget for the 2022/23 financial year, and progress against the performance measures identified within the Operational Plan 2022/23, within the broader Delivery Program 2022-2026.

The disruption from the Covid pandemic and its impact upon our community and our own operations has continued to impact the financial performance of the City. While the 2022/23 budget was developed to support for our economic recovery in this operating environment, the City is now facing the additional challenge of sustained inflation. Over the year to December 2022, inflation reached 7.8 per cent, its highest level since the early 1990's.

While global factors explain much of this inflation increase, domestic factors are also playing a role with widespread upward pressure on prices from strong demand, a tight labour market driving wage growth, supply chain disruptions and capacity constraints in some sectors of the economy.

These resource constraints and pricing issues are expected to continue to impact our operational services, and our capital works program, throughout the remainder of the financial year.

Council's financial performance at Quarter 2 2022/23 reflected a year to date (YTD) operating result of \$62.1M against a budget of \$60.7M. After allowing for interest income, capital grants and contributions, depreciation and capital project related costs, the Council has achieved a YTD Net Operating Result of \$74.4M against a budget of \$38.2M. The variance is predominantly related to higher than budgeted capital grants and contributions.

At this stage, Council is forecasting a favourable full year variance of \$21.8M which includes a negative operating variance, offset by increased capital grants and contributions, and interest income that reflects higher interest returns in the market than budgeted. All significant variances to budget are outlined within the body of this report, and detailed at Attachment A.

The Capital Works Program YTD expenditure of \$66.3M compares to a budget of \$95.1M. The annual forecast for the program has been revised to \$185.9M against a full year budget of \$215.0M. A summary of the 2022/23 capital project expenditure and forecast is outlined within the body of this report, and detailed at Attachment B.

The Technology and Digital Services Capital Works expenditure for projects developed internally is \$8.7M YTD, almost in line with budget. The annual forecast of \$23.7M exceeds the full year budget of \$19.9M at this time, and while this forecast continues to be reviewed, adjustments to the budget are proposed in Attachment B.

Plant and Equipment YTD expenditure, net of disposals, was \$3.4M against a budget of \$4.7M, while the full year forecast of \$12.8M is in line with the annual budget.

Property Acquisitions / Divestments (net) at Quarter 2 were \$96.5M, and currently forecast at \$116.1M for the full year.

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.

## Recommendation

It is resolved that:

- (A) Council note the financial performance of Council for the second quarter, ending 31 December 2022, including a Quarter 2 Net Operating Result for the year of \$74.4M and the full year forecast of \$98.9M, as outlined in the subject report and summarised in Attachment A to the subject report;
- (B) Council note the Quarter 2 Capital Works expenditure of \$66.3M and a revised full year forecast of \$185.9M, and approve the proposed adjustments to the adopted budget, including bringing forward \$4.8M of funds into the 2022/23 capital budget and \$1.4M from the capital works contingency as detailed in Attachment B to the subject report;
- (C) Council note the Technology and Digital Services Capital Works of \$8.7M, net of disposals, and a full year forecast of \$23.7M, including bringing forward \$4.0M of funds into the 2022/23 capital budget and \$1.5M from the capital works contingency as detailed in Attachment B to the subject report;
- (D) Council note the Quarter 2 Plant and Equipment expenditure of \$3.4M, net of disposals, a revised full year forecast of \$12.8M;
- (E) Council note the Quarter 2 net Property Acquisitions of \$96.5M, and the full year forecast net Property Acquisitions of \$116.1M;
- (F) note the operational performance indicators and Quarter 2 achievements against the Operational Plan 2022/23 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 2, as detailed in Attachment D to the subject report.

## Attachments

- Attachment A.** Financial Results Summary
- Attachment B.** Capital Expenditure Financial Results
- Attachment C.** Second Quarter Operational Plan Report 2022/23
- Attachment D.** Second Quarter Supplementary Report 2022/23

## Background

1. The City's 2022-2026 Delivery Program and 2022/23 Operational Plan, including the 2022/23 budgets, were adopted by Council on 27 June 2022.
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 second quarter (Q2) and full year forecast financial results for the 2022/23 financial year, and the achievements to date against the Operational Plan objectives.
4. A Q2 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 Q2, together with a summary of project expenditure, and proposed budget adjustments for 2022/23 and future years, are outlined within the body of this report and detailed at Attachment B.
6. Progress against the Operational Plan performance measures is generally satisfactory, with full details provided in Attachment C, and a number of operational achievements are highlighted within the body of this report.
7. 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.

## 2022/23 Operating Budget

8. The adopted 2022/23 budget projected operating income of \$651.1M and operating expenditure of \$530.1M, for an Operating Surplus of \$121.0M. After allowing for interest income of \$7.5M, capital grants and contributions of \$68.9M, depreciation expenses of \$114.4M, capital project related costs of \$5.8M, this was a Net Operating Result for the Year budget of \$77.1M.

## Second Quarter Operating Results

9. The Q2 operating result was \$62.1M against a budget of \$60.7M, a favourable variance of \$1.4M. After allowing for interest income, capital grants and contributions, depreciation, capital project related costs and gain on sale of assets, the Net Operating Result for the Year Attributable to Council was \$74.4M against a budget of \$38.2M, a favourable variance of \$36.3M.
10. The result includes favourable variances of \$8.2M for operating expenditure, \$5.3M for interest income and \$33.2M for capital grants and contributions, all of which are partially offset by unfavourable variances in operating income of \$6.7M, depreciation expense of \$2.4M and capital project related costs of \$3.7M.

11. The primary operating income variations to the budget are detailed in the table below

<b>Income Type</b>	<b>2022/23 YTD Budget Variance</b>	<b>2022/23 Full Year Budget Variance</b>	<b>Comment</b>
	Favourable / (Unfavourable)	Favourable / (Unfavourable)	
Commercial Property	(\$0.8M)	(\$1.5M)	The unfavourable forecast reflects a number of vacancies due to continuing adverse market conditions.
Enforcement Income	(\$3.4M)	(\$6.5M)	Inclement weather disrupted operations, and an extremely tight labour market continues to impact on recruitment and retention.
Income from Advertising	(\$2.4M)	(\$2.4M)	Delays in implementation of new contract impacted income early in the financial year.
Other Building Fees	\$1.2M	\$1.0M	Increase in applications for barricade permits and larger hoarding approvals, largely driven from some of the larger CBD sites. (Metro)
Other Fees	\$1.2M	\$1.4M	A one off catch-up of caterer's turnover income, from prior years, following the finalisation of contract variation negotiations covering impact of the COVID 19 restriction period.
Rates and Annual Charges	\$1.0M	\$1.3M	An ongoing review of rate exempt properties identified commercial leases that attract rates.
Work Zone	(\$1.1M)	(\$2.0M)	There are lower volumes of work zone applications, and for shorter periods, as developers seek to reduce costs in challenging inflationary environment with supply chain constraints.

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

<b>Expenditure Type</b>	<b>2022/23 YTD Budget Variance</b>	<b>2022/23 Full Year Budget Variance</b>	<b>Comment</b>
	Favourable / (Unfavourable)	Favourable / (Unfavourable)	
Employee benefits and on-costs	\$3.8M	\$4.8M	Predominately relates to permanent vacancies, in a very tight and competitive labour market, partially offset by an increase in agency staff used to backfill essential roles. The availability of agency staff is also subject to supply and demand forces in the current market.
Bad and Doubtful Debts	(\$0.8M)	(\$3.8M)	Additional provisions are forecast to reflect uncertainty on the collectability of rents and deferrals, from a number of commercial tenants, impacted by the ongoing effects of the pandemic.
Event Related Expenditure	\$0.9M	\$2.0M	Sydney Street Events forecast expenses reallocated to Traffic Management in Other Operating Expenditure (below)
Expenditure Recovered	\$0.9M	\$1.3M	Predominately relates to property cost recoveries at the Woolstores buildings acquired in September 2022, and a recovery of turfing costs at Prince Alfred Park following the night noodle markets.
Infrastructure Maintenance	(\$0.2M)	(\$3.9M)	Increase in roadway maintenance restorations arising from works by utility, telecommunications authorities and street furniture maintenance. Granite sealing program works are being accelerated in preparation for the World Pride event.

<b>Expenditure Type</b>	<b>2022/23 YTD Budget Variance</b>	<b>2022/23 Full Year Budget Variance</b>	<b>Comment</b>
	Favourable / (Unfavourable)	Favourable / (Unfavourable)	
Other Operating Expenditure	(\$0.5M)	(\$1.6M)	Traffic Management costs associated with Sydney Street Events and delayed Ausgrid LED rollout costs originally anticipated to be incurred last financial year.
Property Related	\$1.3M	(\$0.1M)	YTD variance is driven by reduced costs at the new Business Innovation space at 180 George Street, budgeted to be operational from September 2022. The forecast reflects an anticipated lift in reactive maintenance works.
Waste Disposal Charges	\$1.1M	\$1.8M	Lower tonnages than assumed in the budget, which anticipated a continuation of higher tonnages experienced in the prior two financial years

<b>Income Type</b>	<b>2022/23 YTD Budget Variance</b>	<b>2022/23 Full Year Budget Variance</b>	<b>Comment</b>
	Favourable / (Unfavourable)	Favourable / (Unfavourable)	
Interest income	\$5.3M	\$7.8M	Higher opening cash balance and higher interest rates than budgeted.
Capital Grants and Contributions	\$33.2M	\$18.0M	The variance is being driven by significant contributions in the CBD, including a large development in Pitt Street and Haymarket.

Expenditure Type	2022/23 YTD Budget Variance  Favourable / (Unfavourable)	2022/23 Full Year Budget Variance  Favourable / (Unfavourable)	Comment
Depreciation	(\$2.4M)	(\$1.3M)	<p>Impacted by the timing of roads and stormwater asset revaluations. The increased valuation to prepare the financial statements, was higher than anticipated and completed in June.</p> <p>Intangible asset class (primarily IT assets) depreciation is also higher than originally budgeted, reflecting a growing program. These assets have a short life, usually 3 years for the purposes of depreciation, and the impact of any change is quickly felt.</p>
Capital Project Related Costs	(\$3.7M)	(\$2.7M)	The variance reflects the timing of expenditure on works that cannot be capitalised (e.g. demolition costs and NSW Government owned traffic signals).
Gain on Sale of Assets	\$2.5M	\$2.5M	The gain reflects the sale proceeds exceeding the asset book value of heritage floor space



13. The adopted 2022/23 operating budget was developed as the City was emerging from the second wave of the Covid-19 pandemic. Operational contingencies in the operating budget were therefore set at \$4.5M to include an allowance for the uncertain operating and financial environment.
14. The Properties Unit within the Chief Operations Office Division, continue to experience ongoing uncertainty relating to commercial property income, and bad debts, as we progress negotiated outcomes with tenants that have been significantly impacted by the pandemic and the effects of its long tail. Market conditions are also resulting in some additional property vacancies, above that allowed in the budget.
15. At this stage the City Services Division is also forecasting to be unfavourable to budget, generally driven by revenue shortfalls in enforcement income, work zones and advertising.
16. Corporate Costs are also forecasting an unfavourable result as the City budgets centrally for the estimated rate of vacancies experienced throughout the year, while the actual savings for known vacancies are then forecast in each of the relevant Divisions as the year progresses.
17. While the Quarter 2 operating result is a positive budget variance of \$1.4M, the full year operational forecast at this stage is \$7.4M behind budget. This is predominantly due to ongoing revenue pressures from the tail impacts of the pandemic on our properties, the ongoing recovery of the City, and the labour market impact on recruiting and retaining some key resources. All divisional forecasts are being closely monitored at this stage, but should additional contingency funding required, this would be sought in a future quarterly report.

### **Capital Expenditure**

18. The Capital Works program achieved expenditure of \$66.3M against a YTD budget of \$95.1M.
19. The full year forecast of the capital works program has been reduced from a budget of \$215.0M to \$185.9M following the latest review, which assessed the expected delivery of the projects and revised cost estimates for each individual project.
20. Capital Works projects that are finalised with savings may be utilised to offset the additional 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 2022/23. Approval is therefore sought to bring forward funds of \$4.8M from future years' capital works forward estimates, approve \$1.4M from the capital works contingency, and to reallocate funds from within relevant programs within the 2022/23 capital budget to continue to progress these projects.
21. There are also a number of changes proposed within the future years' forwards estimates. Full details are provided in Attachment B.

22. Significant variances are forecast for a number of the 2022/23 capital programs asset enhancement budgets and future years' forward estimates, including
- (a) Public Domain:
    - (i) Crown Street Public Domain; Independent peer review of the concept design has extended the community consultation phase of the project. Submissions to the Local Pedestrian, Cycling and Traffic Calming Committee and Council previously anticipated for Q2 are now scheduled for Q3/4. Forecast has been reduced accordingly to reflect a later commencement of construction works.
    - (ii) Loftus Street, Reiby Place and Customs House Lane Upgrade; The tender for the project is delayed, pushing the construction stage by at least two months.
  - (b) Properties - Community, Cultural and Recreational:
    - (i) Green Square Public School and Community Spaces; Full year favourable variance is due to delay in commencement of main works resulting from latent site conditions uncovered during inground excavation works.
    - (ii) George Street - Lend Lease Circular Quay VPA; current year favourable variance due to the fit out of the Business Innovation Space by the operator, delayed due to a base building delay.
  - (c) Open Space and Parks:
    - (i) North Rosebery Park; Current year forecast decreased due to revised longer construction period as per the successful tender program.
    - (ii) Synthetic Sports Field Installations - Perry Park; Additional funds may be required following tender and initial market response.
    - (iii) Synthetic Sports Field - Crescent Park; Additional funding may be required to deliver the project based on Quantity Surveyor's pre-tender estimate.
  - (d) Bicycle Related Works:
    - (i) Castlereagh Street Cycleway - North; Current year forecast decreased due to an extended EOI process.
23. Significant variances are also forecast for a number of the 2022/23 capital programs asset renewal budgets and future years' forward estimates, including
- (a) Open Space and Parks asset renewal:
    - (i) Open Space Renewal - Hyde Park Lighting; Forecasting the additional funding that is required to deliver the project as endorsed in the Scoping Report at Council Meeting in 2022
    - (ii) Parks General - Harry Noble Reserve; Additional funds may be required due to the extended scope arising from community consultation.

- (iii) Open Space Renewal - Woolloomooloo Playground; favourable variance in the current year due to further community consultation undertaken in December 2022. The scope review will impacted project delivery timing.
- (b) Properties asset renewal:
  - (i) Town Hall House, Façade Remediation; Additional funding may be required to deliver the project based on Quantity Surveyor's pre-tender estimate.
  - (ii) Cook & Phillip Aquatic and Fitness Centre - Works Package; Additional funds may be required due to additional scope, a more refined specification and price escalation in the market.
  - (iii) 343 George Street - Facade Remediation; Unfavourable variance in the current year is due to project delivery progressing ahead of schedule.
  - (iv) Sydney Town Hall External Works Stage 3; Unfavourable variance in the current year is due to works proceeding ahead of schedule.
  - (v) Fire Protection Provisional Upgrade; Additional funding may be required to complete scope, currently under review.
  - (vi) Sydney Park Brick Kilns - Renewal Works; Additional funding may be required as the current cost estimate is above budget and is being addressed in design development.
- 24. A financial summary of the Capital Works program, the proposed budget adjustments, and a status report on all commenced capital projects exceeding \$5.0M in value is provided at Attachment B.
- 25. Technology and Digital Services capital expenditure, for internally developed projects, is \$8.7M against a budget of \$9.5M with a forecast of \$23.7M that is \$3.8M over the full year budget of \$19.9M. These forecasts continue to be revised, however at this stage approval is sought to bring forward funds of \$4.0M from future years' capital works forward estimates and approve \$1.5M from the capital works contingency to continue to progress these projects.
- 26. Plant and Equipment expenditure incurred year-to-date, net of disposals, was \$3.4M against a budget of \$4.7M with a full year forecast of \$12.8M against a full year budget of \$13.2M at this stage.
- 27. The acquisition of 15 O'Riordan Street and the Woolstores properties occurred in the first quarter, offset partially by the divestment of heritage floor space. The forecast variance versus the annual budget reflects our best estimate on the timing of future acquisition and divestment transactions, occurring later than initially expected.

### **Operational Highlights**

- 28. Sydney Streets returned from October 2022 in seven locations to celebrate local neighbourhoods, bring communities together and support our high street businesses. Local businesses were able to promote in-store activations and extend trading to the street outside their business. Events were held in Crown Street, Surry Hills, Harris Street, Pyrmont, Stanley Street, Darlinghurst, Redfern Street, Redfern, multiple streets in Haymarket, Glebe Point Road, Glebe and Darlinghurst Road and Macleay Street, Potts Point.

29. On Tuesday 4 October 2022, the City hosted the first Morning Tea Connections event at Maybanke Community Centre, Pyrmont in collaboration with community members. The purpose of this event was to facilitate connections while the nearby Pyrmont Community Centre is closed for upgrade. At the morning tea, 30 local community members, including two people new to the area, enjoyed tea, coffee and homemade cakes and sandwiches provided by members of the community.
30. A free local services expo for older people was held at the Ron Williams Community Centre, Redfern on 12 October 2022 to raise awareness of services available and reduce barriers to access. Approximately 80 local residents, including a large number of culturally and linguistically diverse (CALD) community members attended the event. Attendees enjoyed a free lunch and participated in a free exercise class after lunch.
31. The City hosted an official welcome for international students studying at Sydney institutions on 18 October 2022. The event also celebrated 31 international leaders for completing their 18 months ambassadorship with the City of Sydney under the International Student Leadership and Ambassador Program.
32. A new festival - Art in the Heart of Haymarket - launched in October. It is an initiative of the CBDs Revitalisation Program funded by the NSW Government and the Precinct Activation Grant Program by the City of Sydney aimed at breathing life into local economies. The program was presented by 4A Centre for Contemporary Asian Art. Events took place throughout October and included performance, music, dance, visual arts and unique experiences.
33. The Drying Green, Zetland was officially opened in October. The new green space is in the heart of Green Square, complete with grass spaces, a water feature and colourful artworks. A tiered wetland water feature collects and filters stormwater from the trunk drain before it is added back to the city's recycled water network. It reimagines the natural wetlands that existed here as rainwater flowed to Shea's Creek and on to Botany Bay. The "Green" includes an awning over the public BBQ area which is clad in solar glass, the first time this has been used in NSW.
34. The Australasian Fleet Champions Awards celebrate the achievements of fleet organisations working to reduce road deaths and injuries and reduce pollution caused by their vehicles. The City has been awarded the 'Safe Vehicles' award, recognising organisations that have improved the safety and environmental impact of vehicles used on behalf of their business. The City also received a highly commended award for 'Sustainable Journeys'.
35. The five week Neon Playground by Chinatown festival of art, lights, music, community and food ran from 15 October to 20 November 2022. The festival was supported by funding from the City of Sydney's Precinct Activation Grant.
36. In October Sydney City Farm hosted a Community Growers Morning where 70 participants enjoyed a farm tour, morning tea, bush food talk and tasting with an Aboriginal educator from Koori Kinnections, and a seed swap. The event was held in conjunction with Inner West, Woollahra, Bayside and Randwick councils.

37. 26 November 2022 the Martin Place Christmas tree was lit up at an event which included fireworks from city rooftops and a combination of choirs and roving Christmas entertainment. The event also kicked off new Christmas markets as part of a month long program of free events and festivities hosted by the City. Christmas events included free, family friendly, community celebrations at Pyrmont, Rosebery, Surry Hills, Rushcutters Bay, Glebe and Alexandria. Green Square also hosted its third Christmas fair on 3 December 2022 with live music and stalls. The QVB's iconic Christmas tree, funded with a City grant, was an Australian Wollemi Pine with First Nations' heritage represented in every aspect of its decoration, from the surrounding soundscape and the lighting to the painted flannel flower decorations that could be seen on the upper levels. A range of open days and end-of-year celebrations were also held across the network of City community centres between 19 November and 14 December 2022. The events provided an opportunity for community to come together and experience the centres and sample the activities they have to offer. Activities included luncheons, live entertainment, basketball and handball tournaments, sing along activities, dancing, craft activities, a reptile zoo, a BBQ and Christmas carols.
38. Ten additional designs have been approved for the City's creative hoarding program which aims to enliven Sydney streets. Developers building in high traffic areas are required to cover their hoardings with art by a living Australian artist or relevant historical images. Construction companies can use artworks licensed by the City of Sydney for free. This is the third round of the creative hoardings program. So far, the City of Sydney has licensed 30 high quality contemporary Australian artworks that have been used on more than 220 hoardings across the local area over the last five years.
39. The City continues to support recycling through various programs. The City hosted a Household Chemical Cleanout at Alexandra Canal Depot on Saturday, 15 October 2022 which provided residents with the opportunity to dispose of 15.12 tonnes of unwanted household chemicals including paints, gas bottles, pesticides and household cleaning products. Collected materials are recovered, recycled or treated and safely disposed as per legislative requirements. A quarterly Recycle It Saturday event was held on 26 November 2022 at Alexandra Canal Depot. This was the fourth partnership event with Woollahra and Waverley Council. The event attracted 886 attendees of which 642 were City of Sydney residents, 153 from Waverley LGA and 61 from Woollahra LGA. Recycle It Saturday events collect household items such as soft plastics, clothing, polystyrene, small metals, cardboard, gas bottles, aluminium coffee pods, electronics, printer cartridges and batteries for recycling. The City has also established a recycling pop-up at the City's Bay Street Depot to provide a place for local residents to drop off items that are not accepted in household bins. The pop-up will operate on Tuesdays between 2pm to 7pm. Additionally, the City has expanded and upgraded recycling stations by adding an additional stream and increasing the number of stations. Residents can now recycle small electronics (like headphones and tablets etc) and can continue to recycle household batteries, mobile phones and light bulbs. The new stations are now available at 16 locations throughout the City including libraries, neighbourhood service centres, community and recreational centres. Over 80% of City residents now live within a 750 metre walk of a recycling station.
40. In November, the Sydney Urban Agriculture Forum was held at City Farm in partnership with Sustain Australia. The forum attracted 75 attendees who enjoyed talks celebrating the work underway across Sydney to strengthen food systems and take part in discussions about future urban agriculture policy and practice.

41. The upgrade of Macleay Street in Potts Point was completed in November including expanded street seating, improved lighting and landscaping. The intentional slowing down of traffic with a 40km/h zone, widened footpaths and continuous paving have all contributed to a safer and more relaxed street. Other upgrades completed include the Alan Davidson Oval Cricket Nets; an upgrade of Crystal Street Plaza in Waterloo including increasing the tree canopy across the plaza and refurbishment of the Hyde Park Café.
42. The City programmed a series of initiatives as part of the United Nation's 16 Days of Activism Against Gender Based Violence from 25 November to 10 December 2022. These included online workshops for residents and people volunteering or working in the City of Sydney who will learn how violence can be prevented, how to provide support to people experiencing abuse and the services that can help and a lunch and learn session about Respectful workplaces with information on the prevention of and response to workplace sexual harassment.
43. A number of events were held throughout the city to celebrate International Day of People with Disability (3 December). The Ultimo Community Centre held an Open Day on 19 November where visitors enjoyed activities, performances and food, tried out new sports and met the Ultimo Community Centre team. On 26 November Gunyama Park Aquatic & Recreation Centre gave participants the opportunity to watch inspiring short films and learn how the impossible becomes possible at the I CAN, You CAN, We CAN Celebration Lunch. Cliff Noble Community Centre hosted a Disability Awareness Workshop. Perry Park Recreation Centre hosted a Variety Activate Inclusion Sports Day for students with a sensory, physical or intellectual disability delivered by Sport NSW. Auslan Interpreters facilitated an Edible Flowers Hands-On Workshop at City Farm. A panel discussion exploring inclusion and access in the film industry was hosted and curated by Anthea Williams at Darling Square Library. Storytime in Auslan and English was presented by the Library team and Deaf Connect at Glebe Library.
44. This year the City of Sydney ran both 9:00 pm and midnight New Year's Eve fireworks. The festivities began with a Smoking Ceremony on the Harbour at 7:30 pm. Gadigal Elders also gave a Welcome to Country at 8:57 pm, followed by Calling Country fireworks at 9:00 pm and the midnight fireworks. This year's show had the theme of diversity and inclusion and featured a rainbow waterfall cascade as a centrepiece of the show. For the first time in 12 years, fireworks were also launched from four building rooftops to frame the spectacular show of more than 100,000 individual pyrotechnic effects.

## Financial Implications

45. Financial performance in the majority of the principal activities, as defined within the Delivery Program 2022-2026, continues to be impacted by Covid-19, and noted in the body of the report
46. At Quarter 2 the YTD Operating Result was \$62.1M, with a full year forecast Operating result of \$113.6M against a budget of \$121.0M, an unfavourable variance of \$7.4M. The forecasts are being closely monitored against approved funding, and should additional contingency prove to be required to support operations towards the end of the year, this will be identified and sought in a future quarterly report.
47. At Quarter 2 the YTD Net Operating Result was \$74.4M, with a full year forecast of \$98.9M against a budget of \$77.1M, a favourable variance of \$21.8M.

48. As the evolving and challenging operating environment continues this financial year, the City will continue to review in detail its operational and capital programs within the long-term financial plan, to closely monitor our forecast financial performance and ensure that all plans remain in line with our long term financial sustainability.
49. The City remains in a strong financial position with a YTD cash balance of \$708.7M that includes unrestricted funds of \$364.8M, noting that the 2022/23 year-end cash position is forecast to reduce to \$588.7M.
50. 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**

51. The Local Government Act 1993 and Local Government (General) Regulation 2021 require quarterly progress reports against the financial objectives and regular reports (at least six monthly) against the Operational Plan.
52. 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**

53. The quarterly report is due to be submitted to Council within two months of the end of the respective quarter.
54. The information contained within this report reflects Council's financial performance in the 2022/23 financial year

### **Public Consultation**

55. There is no requirement for public consultation for this report

### **BILL CARTER**

Chief Financial Officer