

City of Sydney 2022/23 Annual Reporting and Public Presentation of the 2022/23 Financial Statements and Audit Reports to Council

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Summary

At the Council Meeting on 23 October 2023, Council received the draft Annual Financial Statements and resolved that notice be given for public presentation of the statements at the Council Meeting on 20 November 2023. This report now presents the City of Sydney's Annual Financial Statements for 2022/23 and the auditor's reports to the public.

As noted in the 23 October 2023 Council report, the Income Statement for the year ended 30 June 2023 shows a Net Surplus (Net Operating Result) for the year of \$183.2M, in accordance with relevant accounting standards and reporting requirements, against a budget of \$77.1M. The Statement of Financial Position reports Net Assets of \$14.4B, an increase of \$1.6B over the year reflecting a revaluation of the book value of a number of infrastructure and land asset classes.

The City's Auditor General, on behalf of the Audit Office of New South Wales as the City's external auditor, addressed the Corporate, Finance, Tenders and Properties Committee on 16 October 2023 to discuss the conduct of the audit. No issues of concern were identified at that meeting, and it was noted that the Audit Office were likely to issue an unmodified audit opinion following the completion of the final stages of the audit. On 30 October 2023 the City received that unmodified audit opinion, which is included within Attachment A, and these reports have all now been lodged with the Office of Local Government by the 31 October deadline.

This report also presents the City's Annual Report for 2022/23 for Council endorsement. The Annual Report, including the Delivery Program 2022-26 Progress Report for 2022/23 on operational performance, specific reporting elements and the annual financial statements, meets all legislative reporting requirements.

This report presents the 2022/23 annual report on the City's Inclusion (Disability) Action Plan 2021–2025. The Inclusion (Disability) Action Plan 2021–2025 was adopted by Council on 28 June 2021. The plan enables the City to meet its obligations to provide accessible facilities and services in accordance with the Disability Discrimination Act 1992 and obligations under the NSW Disability Inclusion Act 2014. A copy of the Inclusion (Disability) Action Plan 2021–2025 and annual report for 2022/23 is at Attachment D.

The Green Report (Annual Environmental Report) informs Council and the community about the City's progress in delivering on its environmental goals and targets and is also presented. The report covers results and achievements from the period 1 July 2022 to 30 June 2023, across the City's own operations and our actions and programs in the local area. This covers the goals and targets from the Environmental Strategy 2021-2025 and the Greening Sydney Strategy. A copy of the Green Report for 2022/23 is at Attachment E.

Recommendation

It is resolved that:

- (A) Council present the 2022/23 Annual Financial Statements and auditor's reports to the public as shown at Attachment A to the subject report
- (B) Council adopt the 2022/23 Annual Financial Reports subject to the receipt of any submissions over the ensuing seven day period;
- (C) Council endorse the 2022/23 Annual Report, including the Statutory Returns, Financial Statements and Delivery Program 2022-26 Progress Report for 2022/23 as shown at Attachments A, B and C to the subject report;
- (D) Council note the 2022/23 annual report on the City's Inclusion (Disability) Action Plan 2021–2025 as shown at Attachment D to the subject report;
- (E) Council note the 2022/23 Green Report as shown at Attachment E to the subject report; and
- (F) authority be delegated to the Chief Executive Officer to make any minor amendments to the reports to correct any drafting errors and finalise design, artwork and accessible formats for publication.

Attachments

- Attachment A.** Annual Report 2022/23 - Financial Statements
- Attachment B.** Annual Report 2022/23 - Statutory Returns
- Attachment C.** Delivery Program 2022-26 Progress Report for 2022/23
- Attachment D.** Annual Report 2022/23 - Inclusion (Disability) Action Plan 2021–2025
- Attachment E.** Green Report (Annual Environmental Report) 2022/23

Background

Annual Financial Statements

1. The Auditor General, on behalf of the the Audit Office of New South Wales, the City's external auditor addressed the Corporate, Finance, Tenders and Properties Committee on 16 October 2023 to discuss the conduct of the audit. No issues of concern were identified, and it was noted that the Audit Office was likely to issue an unmodified audit opinion following the completion of the final stages of the audit.
2. The draft 2022/23 Annual Financial Statements were then presented to Council on 23 October 2023.
3. On 30 October 2023 an unmodified audit opinion was issued by the Audit Office of New South Wales and this is now included within Attachment A. The Financial Statements and the auditor's reports were subsequently lodged with the Office of Local Government by the 31 October statutory deadline.
4. Public notice, via the Sydney Your Say website, commencing on 31 October 2023, was given to advise that the annual Financial Statements and auditor's reports would be presented to the public at the Council meeting of 20 November 2023 (Corporate, Finance, Properties and Tenders Committee meeting on Monday 6 November 2023).
5. The Local Government Act 1993 states that any person may make submissions to the Council in respect to the annual Financial Statements or auditor's reports. Submissions must be made in writing and submitted to Council within seven days after the date on which the reports are presented to the public. Council must ensure that any submissions are forwarded to the auditor.
6. Effective measurement and monitoring of a range of relevant performance indicators, particularly those related to asset management, remains an ongoing challenge. The City of Sydney supports the ongoing effort to assess and report each council's financial and asset management sustainability and will continue to work with the Office of Local Government to refine the definition and appropriate benchmarks set for financial indicators. In the interim, the City of Sydney has reported all mandatory indicators, and additional (supplementary) indicators where it believes these provide more relevant information for the readers of the financial statements.
7. The City continues to seek to work with the Audit Office and the Office of Local Government to improve financial reporting in the local government sector. For example, improvements could include development of transparent approaches to fixed asset valuation that meet Australian Accounting Standards and are consistently and predictably applied across the sector. Valuation adjustments, which are notional book entries and non-cash in nature, can have a very significant impact on the financial position of a council as has occurred again in 2022/23.
8. A copy of the Annual Report - Financial Statements incorporating the auditors' reports is provided as Attachment A to the subject report.

Annual Report

9. This report also presents the City of Sydney's Annual Report for 2022/23 for Council's endorsement. It meets the legislative requirements for reporting, including the report on operational performance, specific reporting elements and the annual financial statements. The Annual Report will be published on the City's website and provided to the Minister for Local Government in accordance with section 428 of the Local Government Act 1993.
10. A copy of the Annual Report - Statutory Returns is provided as Attachment B to the subject report.
11. A copy of the Annual Report - Delivery Program 2022-2026 – Progress Report 2022/23 is provided as Attachment C to the subject report.

Annual Report 202/23 – Inclusion (Disability) Action Plan

12. This report presents the 2022/23 annual report on the City's Inclusion (Disability) Action Plan 2021–2025. The Inclusion (Disability) Action Plan 2021–2025 was adopted by Council on 28 June 2021. The plan enables the City to meet its obligations to provide accessible facilities and services in accordance with the Disability Discrimination Act 1992 and obligations under the NSW Disability Inclusion Act 2014. A copy of the Inclusion (Disability) Action Plan 2021–2025 and annual report for 2022/23 is provided as Attachment D to the subject report.
13. A copy of the Annual Report 2022/23 Inclusion (Disability) Action Plan 2021–2025 will be provided to the Minister for Families and Communities and Disability Inclusion, the NSW Disability Council and made available on the City's website, in line with requirements under the NSW Disability Inclusion Act 2014.

Green Report - Annual Environmental Report 2022/23

14. The Green Report informs Council and the community about the City's progress in delivering on its environmental goals and targets and is also presented. The report covers results and achievements from the period 1 July 2022 to 30 June 2023, across the City's own operations and our actions and programs in the local area. This covers the goals and targets from the Environmental Strategy 2021-2025 and the Greening Sydney Strategy. A copy of the Green Report for 2022/23 is provided at Attachment E to the subject report.

Key Implications

15. The audited annual Financial Statements are to be presented to the public at the Council meeting of 20 November 2023.

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

16. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
- (a) Direction 1 – Responsible governance and stewardship – Publishing comprehensive reports on the City's performance in actioning its Delivery Program 2012–2026, environmental performance and progress implementing the Inclusion (Disability) Action Plan each year provides the community with factual and transparent information and demonstrates accountability. The Annual Report Statutory Returns and Financial Statements also provides the community with factual and transparent information and demonstrates accountability.
 - (b) Direction 2 – A leading environmental performer - The Green Report is the City's primary publication that outlines how we are delivering on this Direction.
 - (c) Direction 3 – Public places for all – The annual report 2022/23 for the Inclusion (Disability) Action Plan 2021–2025 details projects that deliver improved accessibility of public spaces and infrastructure.
 - (d) Direction 4 – Design excellence and sustainable development – Sustainability of the built environment is addressed in the Green Report.
 - (e) Direction 5 – A city for walking, cycling and public transport – The City's actions to deliver on this direction are covered in the Green Report.
 - (f) Direction 6 – An equitable and inclusive city – The annual report 2022/23 for the Inclusion (Disability) Action Plan 2021–2025 details projects, programs and initiatives that create a more inclusive City for people with disability and mental health conditions.
 - (g) Direction 7 – Resilient and diverse communities – The City of Sydney's actions to build climate resilience are covered in the Green Report, as is the work of Resilient Sydney.

Financial Implications

17. The City of Sydney's Income Statement for the year ended 30 June 2023 reports a Net Surplus (Net Operating Result) of \$183.2M against a budget of \$77.1M, and the Balance Sheet reports Net Assets of \$14.4B, reflecting a strong and stable financial position.
18. The City remains well placed to deliver the commitments made to its community within its suite of integrated plans, and as budgeted and projected within its adopted long term financial plan.
19. As the Operational Performance report, Green Report and Annual Report 2022/23 for the Inclusion (Disability) Action Plan 2021–25 cover work already undertaken, there are no additional financial implications to note.

Relevant Legislation

20. Local Government Act 1993, sections 418 to 420, 428 and 54P of the Local Government Act 1993 and clauses 132, 186 and 217 of the Local Government (General) Regulation 2021 detail the requirements for councils to include in their annual report.
21. Other legislative and internal requirements that are to be included in the City's annual report include topics that fall under the City of Sydney Act 1988, Environmental Planning and Assessment Act 1979 and its regulations, Government Information (Public Access) Regulation 2018, Fisheries Management Act 1994, Public Interest Disclosures Act 1994, Swimming Pools Act 1992, Carers Recognition Act 2010, Disability Inclusion Act 2014; OLG Integrated Planning And Reporting, Special Rate Variation and Capital Expenditure Guidelines and reporting on the City's corporate sponsorship policy.

Critical Dates / Time Frames

22. As soon as practicable after Council receives a copy of the auditor's reports, it must fix a date and give public notice for the meeting at which it proposes to present its audited financial statements, together with the auditor's reports, to the public.
23. The meeting is being held within the required statutory window of at least seven days after the date of notice, but not more than five weeks after the auditor's reports and opinion are received by Council.
24. Within five months after the end of each year, an annual report for that year must be prepared and endorsed.
25. The Inclusion (Disability) Action Plan annual report covers the period 1 July 2022 to 30 June 2023.
26. The Green Report covers the period 1 July 2022 to 30 June 2023.

Public Consultation

27. The 2022/23 Annual Financial Statements and auditor's reports were made available for public viewing electronically via Council's website from 31 October 2023 (following endorsement for public exhibition by the Council on 23 October 2023), with printed copies made available upon request.
28. At the time of preparing this report no submissions have been received from the public.
29. The Green Report 2022/23 reports on activities undertaken by the City in order to implement the City's Environmental Strategy 2021-2025 and the Greening Sydney Strategy 2021. Community consultation was undertaken as part of developing each of these strategies.

BILL CARTER

Chief Financial Officer