

# **Attachment A**

**Draft 2023/24 Financial Statements**



# General Purpose Financial Statements

Annual Report  
2023/24

The City of Sydney acknowledges the Gadigal of the Eora Nation as the Traditional Custodians of our local area.

**CITY OF SYDNEY** 

# Council of the City of Sydney

## General Purpose Financial Statements

for the year ended 30 June 2024

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### Overview

City of Sydney is constituted under the Local Government Act 1993 (NSW) and has its principal place of business at:

456 Kent Street  
Sydney NSW 2000

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.cityofsydney.nsw.gov.au](http://www.cityofsydney.nsw.gov.au) .

# Council of the City of Sydney

## General Purpose Financial Statements

for the year ended 30 June 2024

### Understanding Council's Financial Statements

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#### Introduction

Each year NSW local governments are required to present audited financial statements to their council and community.

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2024.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

#### About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

##### 2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

##### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

##### 4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

##### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

#### About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

#### Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

# Council of the City of Sydney

## General Purpose Financial Statements

for the year ended 30 June 2024

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### Statement by Councillors and Management made pursuant to Section 413 (2c) of the *Local Government Act 1993* (NSW)

**The attached general purpose financial statements have been prepared in accordance with:**

- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

**To the best of our knowledge and belief, these statements:**

- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

**We are not aware of any matter that would render these statements false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 28 October 2024.**

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Clover Moore  
**Lord Mayor**  
28 October 2024

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**Councillor**  
28 October 2024

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Monica Barone  
**Chief Executive Officer**  
28 October 2024

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Scott McGill  
**Responsible Accounting Officer**  
28 October 2024

# Council of the City of Sydney

## Income Statement

for the year ended 30 June 2024

<b>Original unaudited budget 2024</b>	<b>\$ '000</b>	Notes	<b>Actual 2024</b>	<b>Actual 2023</b>
<b>Income from continuing operations</b>				
400,545	Rates and annual charges	B2-1	<b>397,592</b>	386,803
136,129	User charges and fees	B2-2	<b>163,152</b>	155,556
38,221	Other revenue	B2-3	<b>41,915</b>	37,054
18,208	Grants and contributions provided for operating purposes	B2-4	<b>16,507</b>	23,331
86,792	Grants and contributions provided for capital purposes	B2-4	<b>117,839</b>	148,531
20,420	Interest and investment income	B2-5	<b>39,591</b>	23,539
81,050	Other income	B2-6	<b>100,738</b>	76,155
–	Net gain from the disposal of assets	B4-1	<b>17,242</b>	3,134
781,365	<b>Total income from continuing operations</b>		<b>894,576</b>	854,103
<b>Expenses from continuing operations</b>				
270,399	Employee benefits and on-costs	B3-1	<b>276,897</b>	247,237
231,686	Materials and services	B3-2	<b>299,048</b>	261,931
–	Borrowing costs	B3-3	<b>216</b>	213
120,683	Depreciation, amortisation and impairment of non-financial assets	B3-4	<b>123,938</b>	121,060
62,568	Other expenses	B3-5	<b>46,557</b>	40,463
685,336	<b>Total expenses from continuing operations</b>		<b>746,656</b>	670,904
<b>96,029</b>	<b>Operating result from continuing operations</b>		<b>147,920</b>	183,199
<b>96,029</b>	<b>Net operating result for the year attributable to Council</b>		<b>147,920</b>	183,199
<b>9,237</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>30,081</b>	34,668

The above Income Statement should be read in conjunction with the accompanying notes.

# Council of the City of Sydney

## Statement of Comprehensive Income

for the year ended 30 June 2024

<b>\$ '000</b>	Notes	<b>2024</b>	<b>2023</b>
<b>Net operating result for the year – from Income Statement</b>		<b>147,920</b>	183,199
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	<b>369,891</b>	958,905
Movement in Trust Assets reserve - Crown land revaluation	C1-8	<b>160,390</b>	492,565
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>530,281</b>	1,451,470
<b>Total comprehensive income for the year attributable to Council</b>		<b>678,201</b>	1,634,669

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Council of the City of Sydney

## Statement of Financial Position

as at 30 June 2024

\$ '000	Notes	2024	2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	65,735	60,871
Investments	C1-2	529,500	518,700
Receivables	C1-4	54,785	66,449
Inventories	C1-5	388	575
Contract assets	C1-6	16,736	20,146
Other	C1-11	10,942	9,235
Non-current assets classified as 'held for sale'	C1-7	192,817	–
<b>Total current assets</b>		<b>870,903</b>	<b>675,976</b>
<b>Non-current assets</b>			
Investments	C1-2	171,100	150,850
Receivables	C1-4	23,646	23,629
Infrastructure, property, plant and equipment (IPPE)	C1-8	13,729,876	13,270,194
Investment property	C1-9	530,878	509,643
Intangible assets	C1-10	41,431	42,551
Right of use assets	C2-1	10,005	10,049
Other	C1-11	70	84
<b>Total non-current assets</b>		<b>14,507,006</b>	<b>14,007,000</b>
<b>Total assets</b>		<b>15,377,909</b>	<b>14,682,976</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	118,506	107,649
Contract liabilities	C3-2	37,295	23,693
Lease liabilities	C2-1	320	300
Employee benefit provisions	C3-4	70,867	65,957
Provisions	C3-5	16,291	18,272
<b>Total current liabilities</b>		<b>243,279</b>	<b>215,871</b>
<b>Non-current liabilities</b>			
Contract liabilities	C3-2	66,734	73,487
Lease liabilities	C2-1	10,752	10,672
Employee benefit provisions	C3-4	2,063	2,352
Provisions	C3-5	20,464	24,178
<b>Total non-current liabilities</b>		<b>100,013</b>	<b>110,689</b>
<b>Total liabilities</b>		<b>343,292</b>	<b>326,560</b>
<b>Net assets</b>		<b>15,034,617</b>	<b>14,356,416</b>
<b>EQUITY</b>			
Accumulated surplus		4,590,883	4,442,963
IPPE revaluation reserve	C4-1	6,794,148	6,424,257
Trust Assets Reserve	C4-1	3,649,586	3,489,196
<b>Total equity</b>		<b>15,034,617</b>	<b>14,356,416</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.



# Council of the City of Sydney

## Statement of Changes in Equity

for the year ended 30 June 2024

\$ '000	Notes	2024				2023			
		Accumulated surplus	IPPE revaluation reserve	Trust assets reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Trust assets reserve	Total equity
Opening balance at 1 July		4,442,963	6,424,257	3,489,196	14,356,416	4,259,764	5,465,352	2,996,631	12,721,747
<b>Opening balance</b>		<b>4,442,963</b>	<b>6,424,257</b>	<b>3,489,196</b>	<b>14,356,416</b>	<b>4,259,764</b>	<b>5,465,352</b>	<b>2,996,631</b>	<b>12,721,747</b>
Net operating result for the year		147,920	–	–	147,920	183,199	–	–	183,199
<b>Net operating result for the year</b>		<b>147,920</b>	<b>–</b>	<b>–</b>	<b>147,920</b>	<b>183,199</b>	<b>–</b>	<b>–</b>	<b>183,199</b>
<b>Other comprehensive income</b>									
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	369,891	160,390	530,281	–	958,905	492,565	1,451,470
<b>Other comprehensive income</b>		<b>–</b>	<b>369,891</b>	<b>160,390</b>	<b>530,281</b>	<b>–</b>	<b>958,905</b>	<b>492,565</b>	<b>1,451,470</b>
<b>Total comprehensive income</b>		<b>147,920</b>	<b>369,891</b>	<b>160,390</b>	<b>678,201</b>	<b>183,199</b>	<b>958,905</b>	<b>492,565</b>	<b>1,634,669</b>
Transfers between equity items		–	–	–	–	–	–	–	–
<b>Closing balance at 30 June</b>		<b>4,590,883</b>	<b>6,794,148</b>	<b>3,649,586</b>	<b>15,034,617</b>	<b>4,442,963</b>	<b>6,424,257</b>	<b>3,489,196</b>	<b>14,356,416</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Council of the City of Sydney

## Statement of Cash Flows

for the year ended 30 June 2024

<i>Original unaudited budget 2024</i>	<i>\$ '000</i>	Notes	<i>Actual 2024</i>	<i>Actual 2023</i>
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
401,207	Rates and annual charges		<b>396,857</b>	387,641
135,053	User charges and fees		<b>174,018</b>	144,392
20,420	Interest received		<b>35,916</b>	16,443
101,350	Grants and contributions		<b>102,760</b>	125,171
–	Bonds, deposits and retentions received		<b>13,603</b>	17,251
118,459	Other receipts from Operating Activities		<b>161,588</b>	145,972
<b>Payments:</b>				
(263,489)	Payments to employees		<b>(271,893)</b>	(247,672)
(211,320)	Payments for materials and services		<b>(339,586)</b>	(259,013)
–	Borrowing costs		<b>(216)</b>	(213)
–	Bonds, deposits and retentions refunded		<b>(8,929)</b>	(21,363)
(63,231)	Other payments for Operating Activities		<b>(49,770)</b>	(60,303)
238,449	<b>Net cash provided by operating activities</b>	G1-1(a)	<b>214,348</b>	248,306
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
23,700	Sale/Redemption of investment securities - Floating Rate Notes		<b>23,700</b>	36,300
495,000	Redemption of term deposits		<b>510,000</b>	502,000
16,837	Sale of infrastructure, property, plant and equipment and non-current assets held for sale		<b>18,566</b>	28,764
2,607	Sale of intangible assets		<b>–</b>	–
<b>Payments:</b>				
(15,482)	Purchase of investments - Floating Rate Notes		<b>(39,750)</b>	(46,333)
(323,364)	Acquisition of term deposits		<b>(525,000)</b>	(510,000)
(154,221)	Payments for investment property - acquisition and works		<b>(11,448)</b>	(116,528)
(280,182)	Payments for IPPE		<b>(177,528)</b>	(128,687)
(19,695)	Purchase of intangible assets		<b>(7,731)</b>	(16,482)
(254,800)	<b>Net cash flows from investing activities</b>		<b>(209,191)</b>	(250,966)
<b>Cash flows from financing activities</b>				
<b>Payments:</b>				
–	Principal component of lease payments		<b>(293)</b>	(258)
–	<b>Net cash flows from financing activities</b>		<b>(293)</b>	(258)
<b>(16,351)</b>	<b>Net change in cash and cash equivalents</b>		<b>4,864</b>	<b>(2,918)</b>
53,686	Cash and cash equivalents at beginning of year		<b>60,871</b>	63,790
<b>37,335</b>	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>65,735</b>	<b>60,872</b>
410,660	plus: Investments on hand at end of year	C1-2	<b>700,600</b>	669,550
<b>447,995</b>	<b>Total cash, cash equivalents and investments</b>		<b>766,335</b>	<b>730,422</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Council of the City of Sydney

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# Council of the City of Sydney

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# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### A About Council and these financial statements

#### A1-1 Basis of preparation

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These financial statements were authorised for issue by Council on 28 October 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The material accounting policy information related to these financial statements are set out below. Accounting policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)*, and *Local Government (General) Regulation 2021 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

#### **Historical cost convention**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain infrastructure, property, plant and equipment and investment property.

#### **Significant accounting estimates and judgements**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of investment properties – refer Note C1-9
- (ii) estimated fair values of infrastructure, property, plant and equipment – refer Note C1-8
- (iii) estimated fair values of non-current assets classified as held for sale - refer Note C1-7
- (iv) employee benefit provisions – refer Note C3-4
- (v) estimated former depot remediation provisions – refer Note C3-5
- (vi) estimated rental waivers provision – refer Note C3-5
- (vii) estimated workers compensation self insurance provision – refer Note C3-5.

#### **Significant judgements in applying the Council's accounting policies**

- (i) Impairment of receivables – refer Note C1-4 and E1-1.
- (ii) Determination of whether performance obligations are sufficiently specific and accordingly whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and/or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- (iii) Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

#### **Monies and other assets received by Council**

##### **The Consolidated Fund**

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### A1-1 Basis of preparation (continued)

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The Consolidated Fund consists of cash and other assets associated with general purpose operations only.

#### The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these reports.

The following Trust monies and properties are held by Council but not considered to be under the control of Council and therefore are excluded from these financial statements:

- Sale of Land for Unpaid Rates (residual amounts after outstanding sums recovered)
- Bequests – Trust
- QVB Replacement Fund
- Sydney Metropolitan Mayors Association

A separate statement of monies held in the Trust Fund is available for inspection at the council office by any person free of charge.

#### Volunteer services

Council utilises volunteers in the provision of some services. Whilst the contributions of volunteers are a valued aspect of certain services provided to the community, the financial value of these contributions is not considered material, and furthermore, would not be otherwise purchased. Accordingly, volunteer services are not recognised in these financial statements.

#### New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2024 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

Council's assessment of these new standards and interpretations (where they have been deemed as having a potentially material impact on Council's future financial performance, financial position and cash flows) are set out below:

#### **AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities**

This Standard modifies AASB 13 Fair Value Measurement for application by not-for-profit public sector entities such as Council.

It includes authoritative implementation guidance when fair valuing non-financial assets, not held primarily for their ability to generate cash inflows and also provides guidance and clarification when valuing assets that are restricted (in their use) at Council.

This includes guidance and clarification regarding the determination of an assets highest and best use, the development and use of internal assumptions for unobservable inputs and allows for greater use of internal judgements when applying the cost approach in the measurement and determination of fair values.

Although Council is yet to fully determine the impact of this standard, the changes will be evaluated in the future assessment of all property and infrastructure assets measured at fair value.

The standard applies prospectively to annual periods beginning on or after 1 January 2024; i.e. Council's financial statements for the year ended 30 June 2025.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### A1-1 Basis of preparation (continued)

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#### **New accounting standards adopted during the year**

During the year Council adopted the following accounting standards and interpretations (as issued by the Australian Accounting Standards Board) which were mandatorily effective for the first time at 30 June 2024:

#### **AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates**

The most significant change introduced by this standard is to remove the requirement to disclose significant accounting policies and instead require disclosure of material accounting policy information.

*“Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.”*

In applying the new requirements, Council has after taking into account the various specific facts and circumstances applied professional judgement to ensure it discloses only material accounting policies as opposed to significant accounting policies throughout these financial statements.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### B Financial Performance

#### B1 Functions or activities

##### B1-1 Income, expenses and assets - by function/activity

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

\$ '000	<i>Income</i>		<i>Expenses</i>		<i>Operating result</i>		<i>Grants and contributions</i> <sup>1</sup>		<i>Carrying amount of assets</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
<b>Functions or activities</b>										
Responsible governance and stewardship	<b>194,312</b>	178,409	<b>266,389</b>	231,049	<b>(72,077)</b>	(52,640)	<b>2,184</b>	29,575	<b>5,614,380</b>	5,277,075
A leading environmental performer	<b>3,623</b>	5,572	<b>108,064</b>	96,990	<b>(104,441)</b>	(91,418)	<b>2,369</b>	4,186	<b>394,830</b>	381,819
Public places for all	<b>123,682</b>	127,050	<b>161,978</b>	148,867	<b>(38,296)</b>	(21,817)	<b>58,671</b>	58,541	<b>9,002,511</b>	8,703,810
Design excellence and sustainable development	<b>23,958</b>	22,215	<b>49,211</b>	47,937	<b>(25,253)</b>	(25,722)	<b>12,168</b>	11,707	<b>204,989</b>	158,517
A city for walking, cycling and public transport	<b>100,961</b>	97,967	<b>15,423</b>	14,468	<b>85,538</b>	83,499	<b>35,946</b>	38,200	<b>82,512</b>	87,329
An equitable and inclusive city	<b>13,945</b>	13,837	<b>43,863</b>	37,892	<b>(29,918)</b>	(24,055)	<b>11,979</b>	11,952	<b>2,214</b>	2,291
Resilient and diverse communities	<b>58,197</b>	50,482	<b>56,452</b>	48,759	<b>1,745</b>	1,723	<b>2,429</b>	1,689	<b>3,135</b>	5,150
A thriving cultural and creative life	<b>1,559</b>	3,536	<b>12,662</b>	12,683	<b>(11,103)</b>	(9,147)	<b>697</b>	2,699	<b>71,303</b>	65,727
A transformed and innovative economy	<b>142</b>	1,428	<b>30,163</b>	29,441	<b>(30,021)</b>	(28,013)	<b>–</b>	1,251	<b>2,035</b>	1,258
Housing for all	<b>–</b>	–	<b>2,451</b>	2,819	<b>(2,451)</b>	(2,819)	<b>–</b>	–	<b>–</b>	–
General purpose income <sup>2</sup>	<b>374,197</b>	353,608	<b>–</b>	–	<b>374,197</b>	353,608	<b>7,903</b>	12,062	<b>–</b>	–
<b>Total functions and activities</b>	<b>894,576</b>	<b>854,104</b>	<b>746,656</b>	<b>670,905</b>	<b>147,920</b>	<b>183,199</b>	<b>134,346</b>	<b>171,862</b>	<b>15,377,909</b>	<b>14,682,976</b>

(1) Grants & Contributions are also included within Income totals shown above

(2) Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income



# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### B1-2 Components of functions or activities

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Details relating to the Council's functions or activities as reported in B1-1 are as follows:

Council's principal activities align with the Strategic Directions contained within the Community Strategic Plan: *Sustainable Sydney 2030-2050 Continuing the Vision*. The descriptions below reflect the Strategic Directions broadly, and provide a summary of Council's operations and activities that contribute to the achievement of each.

#### **Responsible governance and stewardship**

Our organisation continues to evolve to provide governance and leadership for the city and communities. The process includes aligning corporate planning and organisational structure through effective governance procedures in support of all of Council's functions. Activities include: Customer Service, Governance, Risk Management, Media and Communications, Councillor Support and corporate services such as People and Culture, Finance, Information Services and Legal Services.

#### **A leading environmental performer**

Our communities live in a city that is regenerative and makes a positive contribution to the planet, to society and to individual lives. We are innovative leaders in climate change adaptation and innovation. The city is part of a decarbonised world. Activities include sustainability programs, cleansing, waste and recycling services, stormwater management and tree management.

#### **Public places for all**

The city has more places for people who live, work, invest and visit here. The history of the city and connections to Aboriginal and Torres Strait Islander peoples is evident in our public places. The city centre is an inviting and lively place, clean and safe, day and night, and with creativity and public art at its heart. Our local main streets are thriving hubs with their own distinctive characters. Activities include Parks management, Aquatic and Leisure Centres, sporting venues and facilities, and Public Domain Infrastructure.

#### **Design excellence and sustainable development**

The city will continue to grow sustainably and with good design. Communities are inclusive, socially connected, healthy, and live in walkable well-serviced neighbourhoods, supported by public transport. We take the impact of our changing climate into account in the policies that influence development in the city. Activities include City Design, Strategic Planning, Health and Building Services and Project Design and Construction.

#### **A city for walking, cycling and public transport**

The city is greener and calmer, with more space for people on the streets – including footpaths and cycleways. More people choose to walk, ride and use public transport. All vehicles in the city are zero emissions. Activities include Parking Management and Transport and Access Strategy.

#### **An equitable and inclusive city**

Everyone feels welcome and can afford to live here if they choose. Everyone can participate, prosper, and reach their full potential in a city that is fair and just. Activities include Grants and Sponsorships programs, Childcare services, Libraries, Meals on Wheels and Community Relations.

#### **Resilient and diverse communities**

The city and its public places and infrastructure can withstand impacts from a changing climate and emergency situations. We work with communities, businesses, and other organisations to strengthen connections and networks, to prepare the city and be able to recover from most situations. Activities include Aged Care Services, Social Policy and Programs, Community Centres, Safe City, Security and City Rangers.

#### **A thriving cultural and creative life**

We are proud of the city and are all able to participate in, contribute to and benefit from the city's cultural life. Activities include Culture and Creativity programs, Cultural Venues and History and Curatorial

#### **A transformed and innovative economy**

The city maintains its position locally, nationally, and internationally as a destination for business, investment, and talent. Innovation is central to the economy and transformation has occurred across all industries. Wealth and benefits are shared equitably. Activities include Strategy and Urban Analytics, Major Events, Night Time Economy and Business and Tourism Engagement.

#### **Housing for all**

This is a city where everyone has a home. Social, affordable, and supported housing is available for those who need it. High-quality housing is available for everyone. Activities include Homelessness services and Housing Policy and Advocacy.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### B2 Sources of income

#### B2-1 Rates and annual charges

<b>\$ '000</b>	<b>2024</b>	<b>2023</b>
<b>Ordinary rates</b>		
Residential	93,088	85,475
Business	241,805	239,507
Less: pensioner rebates (mandatory)	(428)	(417)
Less: pensioner rebates (Council policy)	(2,094)	(1,793)
<b>Rates levied to ratepayers</b>	<b>332,371</b>	<b>322,772</b>
Pensioner rate subsidies received	231	227
<b>Total ordinary rates</b>	<b>332,602</b>	<b>322,999</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	64,159	62,935
Stormwater management services	2,100	2,092
Less: pensioner rebates (mandatory)	(248)	(244)
Less: pensioner rebates (Council policy)	(1,155)	(1,112)
<b>Annual charges levied</b>	<b>64,856</b>	<b>63,671</b>
Pensioner annual charges subsidies received:		
– Domestic waste management	134	133
<b>Total annual charges</b>	<b>64,990</b>	<b>63,804</b>
<b>Total rates and annual charges</b>	<b>397,592</b>	<b>386,803</b>

Council has used 2022 year valuations provided by the NSW Valuer General in calculating its rates.

#### Material accounting policy information

Rates and annual charges are recognised as revenue when the Council obtains control over the assets comprising these receipts which is the beginning of the rating period to which they relate.

Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are in substance a rates payment.

#### B2-2 User charges and fees

<b>\$ '000</b>	<i>Timing</i>	<b>2024</b>	<b>2023</b>
<b>Other user charges and fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>			
Planning and building regulation	2	21,074	18,477
Private works – section 67	2	9,060	5,847
Health inspections	2	2,295	1,654
<b>Total fees and charges – statutory/regulatory</b>		<b>32,429</b>	<b>25,978</b>

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### B2-2 User charges and fees (continued)

\$ '000	Timing	2024	2023
<b>(ii) Fees and charges – other (incl. general user charges (per s608))</b>			
Child care	1	1,140	1,172
Advertising space income	1	20,096	31,078
Parking meter income	2	41,926	38,904
Parking station income	2	10,695	10,137
Recreation facilities hire	2	24,854	21,232
Venue hire	1	7,570	5,960
Workzone and filming fees	2	15,956	14,605
Other	2	8,486	6,490
<b>Total fees and charges – other</b>		<b>130,723</b>	<b>129,578</b>
<b>Total other user charges and fees</b>		<b>163,152</b>	<b>155,556</b>
<b>Total user charges and fees</b>		<b>163,152</b>	<b>155,556</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised over time (1)		28,806	38,210
User charges and fees recognised at a point in time (2)		134,346	117,346
<b>Total user charges and fees</b>		<b>163,152</b>	<b>155,556</b>

#### Material accounting policy information

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods/services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service. There is no material obligation for Council in relation to refunds or returns.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.

### B2-3 Other revenue

\$ '000	Timing	2024	2023
Award of heritage floor space	2	–	1,038
Ex gratia rates	2	708	724
Fines	2	40,209	34,206
Sponsorship and donations	2	154	178
Other	2	844	908
<b>Total other revenue</b>		<b>41,915</b>	<b>37,054</b>
<b>Timing of revenue recognition for other revenue</b>			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		41,915	37,054
<b>Total other revenue</b>		<b>41,915</b>	<b>37,054</b>

#### Accounting policy

Where the revenue is earned for the provision of specified goods/services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### B2-3 Other revenue (continued)

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first.

Other revenue is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

### B2-4 Grants and contributions

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	2	5,064	7,684	–	–
Financial assistance – local roads component	2	1,419	2,189	–	–
<b>Amount recognised as income during current year</b>		<b>6,483</b>	<b>9,873</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
Child care	2	2,794	2,473	–	–
Environmental programs <sup>1</sup>	1	–	(9)	242	1,108
Library	2	679	749	–	–
Community and recreation	1	2,428	2,625	–	–
Transport (other roads and bridges funding)	1	846	4,402	13,008	17,878
External contributions to capital projects	2	–	–	440	2,520
Other contributions	2	3,277	3,218	–	–
<b>Total special purpose grants and non-developer contributions – cash</b>		<b>10,024</b>	<b>13,458</b>	<b>13,690</b>	<b>21,506</b>
<b>Non-cash contributions</b>					
Land dedications	2	–	–	36,982	2,984
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>36,982</b>	<b>2,984</b>
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>10,024</b>	<b>13,458</b>	<b>50,672</b>	<b>24,490</b>
<b>Total grants and non-developer contributions</b>		<b>16,507</b>	<b>23,331</b>	<b>50,672</b>	<b>24,490</b>
<b>Comprising:</b>					
– Commonwealth funding		8,895	11,953	–	2,608
– State funding		4,336	8,160	13,251	16,378
– Other funding		3,276	3,218	37,421	5,504
		<b>16,507</b>	<b>23,331</b>	<b>50,672</b>	<b>24,490</b>

(1) The negative income amount shown for 2022/23 represents a minor refund of a grant amount prematurely recognised as income in a prior financial year and subsequently returned to the grant provider.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### B2-4 Grants and contributions (continued)

#### Developer contributions

\$ '000	Notes	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s61 of the City of Sydney Act):</b>						
<b>Cash contributions</b>						
S 7.4 – contributions using planning agreements		2	–	–	7,059	16,635
S 7.11 – contributions towards amenities/services		2	–	–	15,939	25,806
S 7.12 – fixed development consent levies		2	–	–	39,545	24,484
S 61 – fixed development consent levies		2	–	–	607	24,073
<b>Total developer contributions – cash</b>			<b>–</b>	<b>–</b>	<b>63,150</b>	<b>90,998</b>
<b>Non-cash contributions</b>						
S 7.4 – contributions using planning agreements <sup>1</sup>		2	–	–	(1,287)	32,938
S 7.11 – contributions towards amenities/services		2	–	–	5,304	105
<b>Total developer contributions non-cash</b>			<b>–</b>	<b>–</b>	<b>4,017</b>	<b>33,043</b>
<b>Total contributions</b>			<b>–</b>	<b>–</b>	<b>67,167</b>	<b>124,041</b>
<b>Total grants and contributions</b>			<b>16,507</b>	<b>23,331</b>	<b>117,839</b>	<b>148,531</b>
<b>Timing of revenue recognition for grants and contributions</b>						
Grants and contributions recognised over time (1)			3,294	7,018	13,251	18,986
Grants and contributions recognised at a point in time (2)			13,213	16,313	104,588	129,545
<b>Total grants and contributions</b>			<b>16,507</b>	<b>23,331</b>	<b>117,839</b>	<b>148,531</b>

(1) Negative non-cash contributions income for 2023/24 reflects the transfer of a non-cash contribution to cash contribution income, following the redemption of a bank guarantee securing future works. Council will now deliver the identified works.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### B2-4 Grants and contributions (continued)

#### Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>Grants</b>				
Unspent funds at 1 July	3,538	1,681	529	1,457
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	2,227	–	–
<b>Add:</b> Funds received and not recognised as revenue in the current year	1,129	1,311	6	529
<b>Less:</b> Funds recognised as revenue in previous years that have been spent during the reporting year	(2,227)	–	–	–
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(1,269)	(1,681)	(357)	(1,457)
<b>Less:</b> Funds received in prior year but not spent and returned in current year	–	–	(92)	–
<b>Unspent grants at 30 June</b>	<b>1,171</b>	<b>3,538</b>	<b>86</b>	<b>529</b>
<b>Contributions <sup>1</sup></b>				
Unspent cash contributions and future works receivable at 1 July	–	–	88,353	66,762
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	15,018	30,085
<b>Less:</b> contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	(28,315)	(8,494)
<b>Unspent contributions at 30 June</b>	<b>–</b>	<b>–</b>	<b>75,056</b>	<b>88,353</b>

(1) Council recognises revenue in respect of works in kind contributions where the agreed value of the works is secured via lodgement of a bank guarantee and/or cash security deposit. The delivery of these future works can extend over multiple accounting periods. Upon completion and acceptance of works by Council, the outstanding contribution debtor is cleared, and assets recognised as Infrastructure, Property Plant and Equipment. Works not secured via guarantee or deposit are recognised as revenue upon transfer to Council.

#### Material accounting policy information

##### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an enforceable agreement containing sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but include provision of public events, planting of trees and delivery of training courses for members of the public. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### B2-4 Grants and contributions (continued)

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

#### Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

#### Developer contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (EP&A Act), and section 61 of the *City of Sydney Act 1988*.

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required, but Council may apply contributions according to the priorities established in work schedules for the contribution plan.

#### Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

### B2-5 Interest and investment income

\$ '000	2024	2023
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	595	392
– Cash and investments	38,996	23,147
<b>Total interest and investment income (losses)</b>	<b>39,591</b>	<b>23,539</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	595	392
General Council cash and investments	22,858	12,932
<b>Restricted investments/funds – external:</b>		
Developer contributions		
– Planning agreements/bonus floorspace levy	1,963	1,514
Domestic waste management operations	2,223	1,297
Specific Purpose Unexpended Grants	98	121
<b>Allocated investments/funds – internal:</b>		
Internally allocated assets	11,854	7,283
<b>Total interest and investment income</b>	<b>39,591</b>	<b>23,539</b>

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### B2-6 Other income

\$ '000	Notes	2024	2023
<b>Fair value increment/(decrement) on investment properties</b>			
Fair value increment/(decrement) on investment properties		12,253	(1,198)
<b>Total fair value increment/(decrement) on investment properties</b>	C1-9	<b>12,253</b>	<b>(1,198)</b>
<b>Rental income</b>			
<b>Investment properties</b>			
Lease income - investment properties		23,471	20,369
<b>Total investment properties lease income</b>		<b>23,471</b>	<b>20,369</b>
<b>Other commercial property income</b>			
Lease income from Council properties not classified as Investment Property under AASB 140		44,991	42,148
Lease income relating to variable lease payments not dependent on an index or a rate		20,023	14,569
<b>Total other lease income</b>		<b>65,014</b>	<b>56,717</b>
<b>Total rental income</b>	C2-2	<b>88,485</b>	<b>77,086</b>
<b>Reversal of prior year losses on investments</b>			
Recovery of prior year losses - Collateralised Debt Obligations (CDOs)		-	267
<b>Total Fair value increment on investments</b>		<b>-</b>	<b>267</b>
<b>Total other income</b>		<b>100,738</b>	<b>76,155</b>



# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### B3 Costs of providing services

#### B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	224,416	203,789
Travel expenses	183	133
Employee leave entitlements (ELE)	25,571	22,495
Superannuation – defined contribution plans	21,394	18,049
Superannuation – defined benefit plans	3,152	3,224
Workers' compensation insurance	6,115	1,318
Fringe benefit tax (FBT)	448	508
Training costs (other than salaries and wages)	1,817	1,340
Other	1,769	1,644
<b>Total employee costs</b>	<b>284,865</b>	<b>252,500</b>
Less: capitalised costs	(7,968)	(5,263)
<b>Total employee costs expensed</b>	<b>276,897</b>	<b>247,237</b>
Number of 'full-time equivalent' employees (FTE) at year end	1,852	1,743

#### Material accounting policy information

##### Superannuation plans

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note E3-1 for more information.

#### B3-2 Materials and services

\$ '000	Notes	2024	2023
Advertising		635	851
Asset maintenance and minor purchases		9,881	9,420
Audit Fees	F2-1	331	308
Bank charges		2,116	1,979
Books and periodicals		104	61
<b>Contractor and consultancy costs:</b>			
– Building and facilities management		66,173	60,365
– City infrastructure management		16,167	15,390
– Consultancies		3,472	2,957
– Parks management		24,393	22,428
– Project costs and minor contracts		54,210	39,642
– Waste disposal, recycling and graffiti removal		39,649	35,721
Election expenses		–	7
Computing costs		14,902	14,186
Councillor and Mayoral fees and associated expenses	F1-2	919	884
Event and project costs		15,317	12,722
Insurance		6,640	5,435
Land tax and water rates		4,149	1,909
Parking enforcement – payment to NSW government		4,380	3,391

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### B3-2 Materials and services (continued)

\$ '000	2024	2023
Property related expenditure - other	3,468	3,114
Postage and couriers	1,258	1,232
Printing and stationery	1,084	1,161
Public domain enhancement contributions	587	1,745
Raw materials and consumables	4,785	5,249
Research and development	375	310
Security	3,197	2,566
Storage	837	688
Street lighting	4,212	3,714
Telephone and communications	2,511	2,310
Utilities	6,620	7,221
<b>Legal expenses:</b>		
– Legal expenses: planning and development	579	284
– Legal expenses: other	1,605	1,114
<b>Lease expenses:</b>		
– Expenses from short-term leases	343	48
– Expenses from leases of low value assets	58	79
– Variable lease expense relating to usage	642	632
Other materials and services	4,118	3,441
<b>Total materials and services</b>	<b>299,717</b>	<b>262,564</b>
Less: capitalised costs	(669)	(633)
<b>Total materials and services</b>	<b>299,048</b>	<b>261,931</b>

### B3-3 Borrowing costs

#### (i) Interest bearing liability costs

Interest expense relating to leases	216	213
<b>Total borrowing costs expensed</b>	<b>216</b>	<b>213</b>

### B3-4 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2024	2023
<b>Infrastructure, Property, Plant and Equipment (IPPE)</b>	C1-8		
Plant and equipment		7,609	8,473
Office equipment		3,704	4,121
Furniture and fittings		3,369	3,436
<b>Infrastructure:</b>			
– Buildings – non-specialised		35,708	34,915
– Buildings – specialised		820	766
– Roads		25,095	23,772
– Stormwater drainage		7,435	7,005
– Open space/recreational assets		25,531	22,409
<b>Other assets:</b>			
– Library books		730	872
– Poles and lighting		3,737	3,542
– Public art / open museum		890	618
<b>Right of use assets</b>	C2-1	437	386
<b>Intangible assets – software (amortisation)</b>	C1-10	8,873	10,745

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### B3-4 Depreciation, amortisation and impairment of non-financial assets (continued)

<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>123,938</b>	<b>121,060</b>
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#### Material accounting policy information

##### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives.

##### Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

### B3-5 Other expenses

<b>\$ '000</b>	Notes	<b>2024</b>	<b>2023</b>
<b>Impairment of receivables</b>			
Rental and sundry debtors		<b>2,762</b>	1,148
<b>Total impairment of receivables</b>	C1-4	<b>2,762</b>	<b>1,148</b>
<b>Other</b>			
Contributions/levies to other levels of government		<b>19,721</b>	17,298
Donations, contributions and assistance to other organisations (Section 356)		<b>24,074</b>	22,017
<b>Total other</b>		<b>43,795</b>	<b>39,315</b>
<b>Total other expenses</b>		<b>46,557</b>	<b>40,463</b>

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### B4 Gains or losses

#### B4-1 Gain or loss from the disposal, replacement and de-recognition of assets

\$ '000	Notes	2024	2023
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Proceeds from disposal – property	C1-8	27,901	4,225
Less: carrying amount of property assets sold/written off		(5,956)	(1,795)
<b>Gain (or loss) on disposal</b>		<b>21,945</b>	<b>2,430</b>
<b>Gain (or loss) on disposal of plant and equipment</b>			
Proceeds from disposal – plant and equipment	C1-8	485	850
Less: carrying amount of plant and equipment assets sold/written off		(123)	(141)
<b>Gain (or loss) on disposal</b>		<b>362</b>	<b>709</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
Proceeds from disposal – infrastructure	C1-8	–	–
Less: carrying amount of infrastructure assets sold/written off		(5,065)	(3,132)
<b>Gain (or loss) on disposal</b>		<b>(5,065)</b>	<b>(3,132)</b>
<b>Gain (or loss) on disposal of investments</b>			
Proceeds from disposal/redemptions/maturities – investments	C1-2	23,700	36,300
Less: carrying amount of investments sold/redeemed/matured		(23,700)	(36,300)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Gain (or loss) on disposal of term deposits</b>			
Proceeds from disposal/redemptions/maturities – term deposits	C1-2	510,000	502,000
Less: carrying amount of term deposits sold/redeemed/matured		(510,000)	(502,000)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>–</b>
<b>Gain (or loss) on disposal of non-current assets classified as ‘held for sale’</b>			
Proceeds from disposal – non-current assets ‘held for sale’	C1-7	–	23,689
Less: carrying amount of ‘held for sale’ assets sold/written off		–	(20,562)
<b>Gain (or loss) on disposal</b>		<b>–</b>	<b>3,127</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>17,242</b>	<b>3,134</b>

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### B5 Performance against budget

#### B5-1 Material budget variations

Council's original budget was adopted by the Council on 26 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

**Material variations of more than 10%** between original budget and actual results or where the variance is considered material by nature are explained below.

**Variation Key:** **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
<b>Revenues</b>				
<b>User charges and fees</b>	<b>136,129</b>	<b>163,152</b>	<b>27,023</b>	<b>20% F</b>
User Fees and Charges were favourable to budget due to recoverable public domain works costs undertaken by Council as part of the Sydney Metro project in Surry Hills, a significant property make good payment from a commercial tenant at the end of their lease and higher than anticipated income from a catering contract at the City's venues. In addition, aquatics facility management fees were included in the Materials and Services expenses as a single total netted off against income in the original budget. Actual results in the financial statements incorporate both gross income and expenditure, thereby significantly increasing the amounts shown for facility management fees as part of this category. These favourable variances were offset in part by building development related income where activity was lower than anticipated in the budget.				
<b>Other revenues</b>	<b>38,221</b>	<b>41,915</b>	<b>3,694</b>	<b>10% F</b>
The favourable variance was due to higher volumes of infringements for parking and commercial waste issued in the CBD, than anticipated in the budget.				
<b>Interest and investment revenue</b>	<b>20,420</b>	<b>39,591</b>	<b>19,171</b>	<b>94% F</b>
The favourable balance in interest and investment income was the result of higher opening cash balances and lower capital expenditure than anticipated in the budget, combined with the significant increase in interest rates offered in the second half of the financial year.				
<b>Capital grants and contributions</b>	<b>86,792</b>	<b>117,839</b>	<b>31,047</b>	<b>36% F</b>
Capital contributions were favourable to budget. The timing of these contributions is difficult to predict. Overall, development cash contributions were in line with the budget. Contributions toward development in the CBD, under the Central Sydney plans, were favourable to budget while outside the CBD contributions were slightly lower than anticipated. In addition, a number of substantial Works in Kind contributions and land dedications were received for developments in the CBD and also in the Green Square Urban renewal area. These contributions are recognised as revenue when the agreed value is secured via lodgement of a bank guarantee and/or cash security deposit. The timing of delivery or receipt of these contributions is contingent on development progress and difficult to forecast. The favourable overall variance was reduced by lower than anticipated contributions from the NSW Government towards CBD bike network related projects in line with slightly delays in a number of these projects.				
<b>Net gains from disposal of assets</b>	<b>–</b>	<b>17,242</b>	<b>17,242</b>	<b>∞ F</b>
Council does not budget for gains or losses on disposal of assets, due to their non-recurrent nature, uncertainty of timing and the inherent volatility of sale proceeds. Individual asset sales and disposals are approved with appropriate delegated authority, taking into consideration the carrying value of the asset/s and any proceeds. The net gain reflects the non-cash impact of the swap of land parcels with the NSW Government as part of the development of new park in Surry Hills. This was offset, in part, by the disposal of assets, prior to end of their depreciated lives, across a range of public domain, stormwater and land improvement projects.				
<b>Other income</b>	<b>81,050</b>	<b>100,738</b>	<b>19,688</b>	<b>24% F</b>

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
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The favourable variance was a result of higher than anticipated Commercial Property income. This increase was due to better than anticipated QVB income, lessee retention, rent review adjustments and improved turnover rent for the Capitol Theatre. In addition, there were some provision reductions following detailed negotiation processes with property tenants required to cover debts associated with the impact of the Covid-19 pandemic. The earlier estimates were based on the Federal Government's Code of Conduct for commercial tenancies and New South Wales (NSW) government legislation. In addition, the annual external investment property revaluation of the City's investment properties resulted in a significant overall uplift, with the biggest increases relating to 343 George Street and the Woolstores properties.

#### Expenses

<b>Materials and services</b>	<b>231,686</b>	<b>299,048</b>	<b>(67,362)</b>	<b>(29)%</b>	<b>U</b>
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Council's adopted budget included waste collection expenses entirely within the Other Expenses category. Subsequent to the adoption of the budget, the waste collection portion of the budget was separated from the s88 Waste Levy paid to the NSW Government. This allowed the re-classification of the collection costs (\$18.1M) to Materials and Contracts with the balance (approx \$4.8M) retained in Other expenses - contributions/levies to other levels of Government. In addition, this expense category was impacted by project costs, associated with the delivery of the City's significant capital works program but not adding to the enduring benefit of the asset, being re-classified as operating expenses. This expenditure is often related to initial options reviews and/or the demolition of assets and was higher than anticipated in the budget. The expenditure was incurred against public domain, roadway and parks works and a number of Information Technology projects. Extra expenditure was also incurred due to increased roadway maintenance for Sydney Metro Upgrade in Surry Hills, accelerated delivery of minor maintenance jobs across the LGA, and new contracts with rate increases higher than assumed in the budget for street trees maintenance. Finally, as noted in the User Charges and Fees commentary above, the budget for aquatics facility management fees was included as a net total. For the purposes of the actual results shown in financial statements both gross income and expenditure have been included thereby significantly increasing the amount shown for facility management fees as part of this category. These increases were offset by savings across a wide range of activity including consultancies, IT related costs and the non utilisation of operational contingencies.

<b>Other expenses</b>	<b>62,568</b>	<b>46,557</b>	<b>16,011</b>	<b>26%</b>	<b>F</b>
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Council's adopted budget included approximately \$23.5M for waste collection within Other Expenses. Subsequent to the adoption of the budget, the waste collection portion of the budget was separated from the s88 Waste Levy paid to the NSW Government. This allowed the re-classification of the the collection costs to Materials and Contracts with the balance (approx \$4.8M) retained in Other expenses - contributions/levies to other levels of Government. Prior year comparatives have similarly been reclassified. The overall savings in this category were reduced by an increase in bad debt expenses largely attributed to the ongoing challenging economic environment following the COVID-19 pandemic. In particular, provisioning for commercial property tenants and health and building related outstanding debts was increased.

#### Statement of cash flows

<b>Cash flows from operating activities</b>	<b>238,449</b>	<b>214,348</b>	<b>(24,101)</b>	<b>(10)%</b>	<b>U</b>
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A number of income sources, including enforcement and commercial property income, proved more resilient than budgeted. Interest received was higher than anticipated as interest rates and the cash balances were higher than budgeted. In addition, aquatic receipts were netted off against facilities management fees in the budget, in line with contractual arrangements, while gross revenue (and expenditure) has been shown in the actual results. These favourable inflows were more than offset by higher than anticipated expensing of capital costs where necessary works associated with the capital project did not deliver a City owned asset, additional infrastructure maintenance works and higher than budgeted labour costs.

<b>Cash flows from investing activities</b>	<b>(254,800)</b>	<b>(209,191)</b>	<b>45,609</b>	<b>(18)%</b>	<b>F</b>
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The performance against budget reflects lower than anticipated capital works and property acquisition expenditure. In particular, the budget anticipated a commercial property acquisition of approximately \$100M, however a suitable site (or sites) could not be located during the 2023/24 financial year. In terms of capital works, contract issues and approval delays slowed progress on a number of projects. Unspent budget for these projects has been revoted into future years. These elements reduced the anticipated cash outflows however they were offset, in part, by additional investment in term deposits and investment securities. This increase can be observed in the amount of investments on hand at the end of the year.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C Financial position

#### C1 Assets we manage

##### C1-1 Cash and cash equivalents

\$ '000	2024	2023
<b>Cash assets</b>		
Cash on hand and at bank	65,725	3,301
Cash equivalent assets		
– Deposits at call <sup>1</sup>	10	57,570
<b>Total cash and cash equivalents</b>	<b>65,735</b>	<b>60,871</b>

(1) During 2023/24, the applicable interest rate for Council's General Fund was matched to the applicable Call Account rate. As a result, cash balances were substantially transferred to the General Fund ("at bank").

##### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	65,735	60,871
<b>Balance as per the Statement of Cash Flows</b>	<b>65,735</b>	<b>60,871</b>

##### C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Debt securities at amortised cost</b>				
Long term deposits	510,000	35,000	495,000	35,000
Floating-rate notes (FRNs) (with maturities > 3 months)	19,500	136,100	23,700	115,850
<b>Total investments</b>	<b>529,500</b>	<b>171,100</b>	<b>518,700</b>	<b>150,850</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>595,235</b>	<b>171,100</b>	<b>579,571</b>	<b>150,850</b>

##### Material accounting policy information

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition. Council has assessed the objective of its investment business model as holding financial assets in order to collect contractual cash flows, with those cash flows on contractual dates, comprising solely principal and/or interest. Accordingly, all investments for the reporting periods shown were held at amortised cost.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C1-2 Financial investments (continued)

#### Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Council's financial assets measured at amortised cost comprise trade and other receivables, floating rate note investments, term deposits and cash and cash equivalents in the Statement of Financial Position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

### C1-3 Restricted and allocated cash, cash equivalents and investments

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>766,335</b>	730,421
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>677,209</b>	639,576
Less: Externally restricted cash, cash equivalents and investments	<b>(89,126)</b>	(90,845)
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	1,257	4,067
<b>External restrictions – included in liabilities</b>	<b>1,257</b>	4,067
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	46,668	46,739
Domestic waste management	41,201	40,039
<b>External restrictions – other</b>	<b>87,869</b>	86,778
<b>Total external restrictions</b>	<b>89,126</b>	90,845

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.



# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

\$ '000	2024	2023
<b>(b) Internal allocations</b>		
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>677,209</b>	639,576
Less: Internally allocated cash, cash equivalents and investments	<u>(238,434)</u>	<u>(235,491)</u>
<b>Unrestricted and unallocated cash, cash equivalents and investments</b>	<b>438,775</b>	404,085
<b>Internal allocations</b>		
At 30 June, Council has internally allocated funds to the following:		
Supported accommodation, affordable and diverse housing fund	9,163	9,163
Employees leave entitlement	7,249	6,784
Green infrastructure	7,357	8,230
Green square reserve	86,325	86,325
Heritage conservation fund	75,055	75,428
Performance cash bonds and retentions	28,036	23,362
Public liability insurance	572	404
Renewable energy reserve	1,277	3,295
Workers compensation	23,400	22,500
<b>Total internal allocations</b>	<b>238,434</b>	235,491

Internal allocations of cash, cash equivalents and investments are those assets allocated to specific purposes by a resolution of the elected Council.

#### Policy on external restrictions and internal allocations of cash, cash equivalents and investments

Cash, cash equivalents and investments are restricted for prudent financial management purposes as follows:

**Developer Contributions** - 100% of cash Developer Contributions levied under Section 7.11, Section 7.12, Section 61, Bonus Floor Space scheme and Voluntary Planning Agreements (including the Developer Rights Scheme for Green Square Town Centre) received but not yet expended in accordance with the applicable deed or contributions plan.

**Contributions - Capital Works** - 100% of cash contributions provided to Council by third parties that are yet to be expended on the project/s for which they were provided.

**Unexpended Grants** - 100% of cash grants received not spent during the year are treated as restricted funds.

**Domestic Waste** - Any cash surplus from operations is held as a restricted asset to fund future capital expenditure or process improvements to the Domestic Waste collection business.

**Stormwater Management** - Funds received through the stormwater levy are set aside for various structural and non-structural programs used to reduce urban stormwater pollution. Unspent funds are held as restricted assets.

**Supported Accommodation, Affordable and Diverse Housing** - Income receipts dedicated by Council for the purposes of contributing towards the delivery of supported accommodation, affordable and/or diverse housing are set aside for future projects and initiatives as endorsed by Council.

**Commercial Properties** - Funds that are surplus to requirements, set aside to reinvest and continue the revenue stream from and maintain diversification of Council's large commercial and investment property portfolio.

**Community Facilities** - Cash set aside for the future acquisition or development of property to improve community spaces or replacement facilities that meet community needs at that time.

**Employee Leave Entitlements** - 10% of the employee leave entitlement provision is set aside to fund extraordinary movements of staff. Normal annual payments of leave entitlements are funded from operating income.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

**Green Infrastructure** - Monies set aside for implementing green infrastructure projects including co/trigeneration plants, water recycling and evacuated waste systems to deliver enhanced environmental benefits to the organisation and community.

**Green Square** - Monies set aside in anticipation of Green Square infrastructure not funded by developer contributions or grant funding.

**Heritage Conservation Fund** - Cash received through Alternative Heritage Floor Space Allocation Scheme, yet to be expended on heritage related projects in accordance with the council-adopted policy.

**Operational Facilities** - Cash set aside for the future acquisition or development of properties to supplement or replace buildings within the current building assets portfolio that provide infrastructure for the operation of Council's services.

**Performance Bond Deposits** - All security deposits are held as restricted funds.

**Public Liability Insurance** - Cash has been allocated for 100% of the provision.

**Public Roads** - In accordance with Section 43 (4) of the Roads Act (NSW) 1993, proceeds from the sale of (former) public road are set aside for the acquisition of land for public roads, and/or carrying out works on public roads.

**Renewable Energy** - Monies set aside to develop renewable energy for the organisation that can be derived from wind, solar or geo-thermal sources.

**Workers Compensation Insurance** - In accordance with actuarial advice, Council restricts funds for 100% of the provision, as advised by an external consulting actuary (in order to meet the requirements of the State Insurance Regulatory Authority, SIRA).

### C1-4 Receivables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Rates and annual charges	8,686	-	7,616	-
Interest and extra charges relating to rates	377	-	287	-
User charges and fees	6,552	-	4,520	-
Accrued interest on investments	12,180	-	8,595	-
Net GST receivable	4,086	-	4,522	-
Rental debtors	24,719	272	27,366	292
Outstanding works in kind contributions	5,014	23,374	18,276	23,338
<b>Total</b>	<b>61,614</b>	<b>23,646</b>	<b>71,183</b>	<b>23,629</b>
<b>Less: provision for impairment</b>				
Rental debtors and User charges & fees	(6,829)	-	(4,734)	-
<b>Total provision for impairment – receivables</b>	<b>(6,829)</b>	<b>-</b>	<b>(4,734)</b>	<b>-</b>
<b>Total net receivables</b>	<b>54,785</b>	<b>23,646</b>	<b>66,449</b>	<b>23,629</b>
<b>Externally restricted receivables</b>				
Domestic waste management	645	-	644	-
Domestic waste management – interest & extra charges	39	-	43	-
Works receivable (developer contributions)	5,014	23,374	18,276	23,338
<b>Total external restrictions</b>	<b>5,698</b>	<b>23,374</b>	<b>18,963</b>	<b>23,338</b>

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C1-4 Receivables (continued)

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Unrestricted receivables</b>	<b>49,087</b>	<b>272</b>	47,486	291
<b>Total net receivables</b>	<b>54,785</b>	<b>23,646</b>	66,449	23,629

\$ '000	2024	2023
<b>Movement in provision for impairment of receivables</b>		
Balance at the beginning of the year	4,734	4,218
+ new provisions recognised during the year	3,547	2,255
– amounts already provided for and written off this year	(498)	(262)
– unused amounts reversed	(954)	(1,476)
<b>Balance at the end of the year</b>	<b>6,829</b>	<b>4,735</b>

#### Material accounting policy information

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

#### Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information. Additional disclosure related to Council's ECL model is provided at Note E1-1.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Council uses the presentation that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Council in full, without recourse by the Council to actions such as realising security (if any is held) or
- the financial assets (for non-rates debtors) are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day one.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A debt write-off is only considered after all attempts and appropriate measures of collecting the debt have failed, and where at least one of the following conditions is satisfied: the debt cannot be proven; the debt is of a size that makes the use of external debt collection agency economically unviable; the debtor and/or their assets cannot be located; the debt is statute barred (the age of the claim is beyond legislatively stated time constraints); the debtor has been declared bankrupt (personal) or in liquidation (corporate) or the company is deregistered; or the debtor is deceased.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C1-4 Receivables (continued)

The write off of a debt does not preclude any action being taken in the future to collect the outstanding amount, should the prevailing circumstances change. None of the receivables that have been written off are subject to further enforcement activity.

Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Rates and annual charges outstanding are secured against the property.

### C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Inventories at cost</b>				
Stores and materials	388	-	575	-
<b>Total inventories at cost</b>	<b>388</b>	<b>-</b>	<b>575</b>	<b>-</b>
<b>Total inventories</b>	<b>388</b>	<b>-</b>	<b>575</b>	<b>-</b>

#### Material accounting policy information

Costs are assigned to individual items of inventory on the basis of weighted average costs.

### C1-6 Contract assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Accrued revenue	16,736	-	20,146	-
<b>Total contract assets</b>	<b>16,736</b>	<b>-</b>	<b>20,146</b>	<b>-</b>

### C1-7 Non-current assets classified as held for sale

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Details of non-current assets held for sale</b>					
Land	C1-8	192,817	-	-	-
<b>Total non-current assets classified as held for sale</b>		<b>192,817</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Details of assets

At 30 June 2024, Council held surplus property assets previously designated as 'Land - Operational', as held for sale. Settlement of the applicable sale transactions is anticipated to occur during the 2024/25 financial year, with the disposals endorsed by Council, preferred purchasers having been determined, and contractual arrangements in place.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period										At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers <sup>2</sup>	Adjustments and transfers	Ttrs from/(to) 'held for sale' category <sup>3</sup>	Ttrs from/(to) investment properties	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress (WIP) <sup>4</sup>	198,138	–	198,138	75,344	77,161	–	–	(134,359)	(35)	–	(482)	–	–	215,768	–	215,768
Plant and equipment	127,588	(86,339)	41,249	4,165	1,061	(111)	(7,609)	588	–	–	–	–	–	120,074	(80,731)	39,343
Office equipment	21,281	(12,360)	8,921	1,812	63	–	(3,704)	–	1,594	–	–	–	–	22,503	(13,817)	8,686
Furniture and fittings	42,826	(33,575)	9,251	8	13	–	(3,369)	12	–	–	–	–	–	37,734	(31,819)	5,915
<b>Land:</b>																
– Operational land	2,110,688	–	2,110,688	–	58,460	(3,224)	–	–	–	(192,817)	–	–	144,950	2,118,058	–	2,118,058
– Community land	2,921,589	–	2,921,589	–	–	(2,689)	–	–	–	–	–	(6,177)	–	2,912,723	–	2,912,723
– Crown land	3,489,196	–	3,489,196	–	–	–	–	–	–	–	–	–	160,390	3,649,586	–	3,649,586
– Land under roads (post 30/6/08)	165,247	–	165,247	–	12,420	–	–	–	–	–	–	–	772	178,440	–	178,440
Other structures – trees	149,723	–	149,723	–	256	–	–	2,543	63	–	–	–	23,812	176,397	–	176,397
Other structures – poles and lights	160,366	(71,586)	88,780	–	460	–	(3,735)	6,742	309	–	–	–	–	167,864	(75,310)	92,554
Other structures – signs	26,875	–	26,875	–	20	–	–	445	–	–	–	–	–	27,340	–	27,340
<b>Infrastructure:</b>																
– Buildings – non-specialised	2,318,396	(543,872)	1,774,524	4,005	271	–	(35,708)	12,610	(147)	–	–	–	96,733	2,461,062	(608,774)	1,852,288
– Buildings – specialised	67,855	(27,622)	40,233	–	–	(43)	(820)	1,145	147	–	–	–	2,729	73,720	(30,327)	43,393
– Roads, Bridges, Footways, Kerbs	2,291,244	(802,745)	1,488,499	–	4,765	(3,698)	(25,095)	50,508	(772)	–	–	–	80,303	2,462,704	(868,193)	1,594,511
– Stormwater drainage	521,252	(154,799)	366,453	–	1,080	(398)	(7,435)	10,527	263	–	–	–	11,894	549,168	(166,785)	382,383
– Open space/recreational assets	791,618	(468,197)	323,421	–	4,644	(969)	(25,531)	42,871	322	–	–	–	14,875	871,271	(511,639)	359,632
<b>Other assets:</b>																
– Heritage collections	9,733	–	9,733	–	82	–	–	–	–	–	–	–	–	9,816	–	9,816
– Library books	6,349	(4,652)	1,697	634	–	–	(730)	–	–	–	–	–	–	5,874	(4,273)	1,601
– City art	67,551	(11,574)	55,977	–	–	(12)	(890)	6,368	–	–	–	–	–	73,041	(11,599)	61,442
<b>Total infrastructure, property, plant and equipment</b>	<b>15,487,515</b>	<b>(2,217,321)</b>	<b>13,270,194</b>	<b>85,968</b>	<b>160,756</b>	<b>(11,144)</b>	<b>(114,626)</b>	<b>–</b>	<b>1,744</b>	<b>(192,817)</b>	<b>(482)</b>	<b>(6,177)</b>	<b>536,458</b>	<b>16,133,143</b>	<b>(2,403,267)</b>	<b>13,729,876</b>

(1) Renewals are defined as the replacement or reinstatement of existing assets (significant upgrades and acquisition of additional assets are shown under Additions new assets).

(2) WIP Transfers consists of completed capital construction projects transferred from Work in Progress into the fixed asset register. Completed projects transferred include: \$50.9M in capital renewal, \$34.8M in capital upgrade and \$49.2M in new infrastructure and facilities.

(3) See note C1-7

(4) Capital Work in Progress includes \$215M for capital construction projects, \$0.74M for Plant & Asset purchases.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C1-8 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period								At 30 June 2023			
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers <sup>2</sup>	Adjustments and transfers	Tfrs from/(to) 'held for sale' category <sup>3</sup>	Tfrs from/(to) investment properties	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress <sup>4</sup>	242,217	–	242,217	60,875	65,358	–	–	(168,686)	–	–	(1,626)	–	198,138	–	198,138
Plant and equipment	119,666	(80,170)	39,496	4,973	881	(141)	(8,473)	4,514	–	–	–	–	127,588	(86,339)	41,249
Office equipment	20,850	(10,535)	10,315	1,491	–	–	(4,121)	–	1,235	–	–	–	21,281	(12,360)	8,921
Furniture and fittings	42,759	(30,139)	12,620	37	–	–	(3,436)	31	–	–	–	–	42,826	(33,575)	9,251
<b>Land:</b>															
– Operational land	1,795,307	–	1,795,307	–	12,469	(1,678)	–	7,549	52	4,770	–	292,219	2,110,688	–	2,110,688
– Community land	2,513,349	–	2,513,349	–	1,532	–	–	–	–	–	–	406,708	2,921,589	–	2,921,589
– Crown land	2,996,631	–	2,996,631	–	–	–	–	–	–	–	–	492,565	3,489,196	–	3,489,196
– Land under roads (post 30/6/08) <sup>5</sup>	107,749	–	107,749	–	478	–	–	1,241	(52)	–	–	55,831	165,247	–	165,247
Other structures – trees	138,070	–	138,070	–	–	–	–	1,111	–	–	–	10,542	149,723	–	149,723
Other structures – poles and lights	153,443	(68,044)	85,399	–	113	–	(3,542)	6,810	–	–	–	–	160,366	(71,586)	88,780
Other structures – signs	26,180	–	26,180	–	–	–	–	695	–	–	–	–	26,875	–	26,875
<b>Infrastructure:</b>															
– Buildings – non-specialised	2,170,628	(488,298)	1,682,330	–	7,692	(68)	(34,915)	35,578	–	–	–	83,907	2,318,396	(543,872)	1,774,524
– Buildings – specialised	55,698	(25,087)	30,611	–	3,924	(50)	(766)	4,381	–	–	–	2,133	67,855	(27,622)	40,233
– Roads	2,138,423	(748,380)	1,390,043	–	763	(2,569)	(23,772)	56,628	411	–	–	66,996	2,291,244	(802,745)	1,488,499
– Stormwater drainage	486,637	(142,583)	344,054	–	–	–	(7,005)	15,986	–	–	–	13,418	521,252	(154,799)	366,453
– Other open space/recreational assets	691,446	(404,471)	286,975	–	317	(563)	(22,409)	31,950	–	–	–	27,150	791,618	(468,197)	323,421
<b>Other assets:</b>															
– Heritage collections	9,669	–	9,669	–	64	–	–	–	–	–	–	–	9,733	–	9,733
– Library books	7,129	(5,263)	1,866	703	–	–	(872)	–	–	–	–	–	6,349	(4,652)	1,697
– City art	60,002	(11,040)	48,962	–	5,420	–	(618)	2,212	–	–	–	–	67,551	(11,574)	55,977
<b>Total Infrastructure, property, plant and equipment - Prior year</b>	<b>13,775,853</b>	<b>(2,014,010)</b>	<b>11,761,843</b>	<b>68,079</b>	<b>99,011</b>	<b>(5,069)</b>	<b>(109,929)</b>	<b>–</b>	<b>1,646</b>	<b>4,770</b>	<b>(1,626)</b>	<b>1,451,469</b>	<b>15,487,515</b>	<b>(2,217,321)</b>	<b>13,270,194</b>

(1) Renewals are defined as the replacement or reinstatement of existing assets (significant upgrades and acquisition of additional assets are shown under Additions new assets).

(2) WIP Transfers consists of completed capital construction projects transferred from Work in Progress into the fixed asset register. Completed projects transferred include: \$72.4M in capital renewal, \$54.3M in capital upgrade and \$43.6M in new infrastructure and facilities.

(3) Land held for sale at 30 June 2022 was not disposed during 2022/23 as anticipated, owing to delays in project milestones under the contract with the agreed purchaser. Ongoing uncertainty in respect of these contractual milestones has meant that the land has been transferred from Assets Held for Sale into Land - Operational at 30 June 2023. See Note C1-7.

(4) Capital Work in Progress includes \$196.5M for capital construction projects, \$0.4M for Plant & Asset purchases and \$1.2M for property acquisitions.

(5) Opening balance has been restated due to the correction of a prior period error.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C1-8 Infrastructure, property, plant and equipment (continued)

#### Material accounting policy information

##### Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes). When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. Repairs and maintenance are charged to the Income Statement during as they are incurred.

##### Useful lives of IPPE

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Buildings (by component type):</b>	<b>Years</b>	<b>Infrastructure - Drainage</b>	<b>Years</b>
Structure (Short Life)	32 to 151	Pipes and culverts	100
Structure (Long Life)	38 to 400	Drainage pits and junctions	100
Sub-Structure (Short Life)	38 to 127	Trunk drainage infrastructure	200
Sub-Structure (Long Life)	38 to 400	Water quality infrastructure	10 to 100
Roof (Short Life)	38 to 127		
Roof (Long Life)	38 to 400	<b>Poles and Lighting</b>	
Fit-Out (Short Life)	22 to 78	Council lighting	15 to 50
Fit-Out (Long Life)	38 to 130	Smartpoles	50
Services - Electrical (Short Life)	32 to 91		
Services - Electrical (Long Life)	38 to 195	<b>Council Signage</b>	Infinite
Services - Fire (Short Life)	15 to 25		
Services - Fire (Long Life)	40 to 52	<b>Open space and recreational assets</b>	
Services - Hydraulic (Short Life)	25 to 91	Park and open space improvements	20 to 100
Services - Hydraulic (Long Life)	38 to 195	Park equipment and structures	20
Services - Mechanical (Short Life)	12 to 60		
Services - Mechanical (Long Life)	80 to 104	<b>Trees - street and park trees</b>	Infinite
Services - Security (Short Life)	15 to 25		
Services - Lift/Transport (Short Life)	46 to 127	<b>Plant &amp; Equipment</b>	
Services - Lift/Transport (Long Life)	75 to 195	Plant & equipment	3 to 20
Services - Floor Coverings (Short Life)	10 to 44	Water recycling plant (specialised)	20 to 50
		Vehicles and road-making equipment	5 to 10
<b>Infrastructure - Roads</b>		Computer equipment	3 to 5
Roads - upper strata	30 to 120	Parking Meters	5 to 10
Roads - lower strata	300	Office Equipment	3 to 5
Roads - sub-structure earthworks	Infinite	Furniture and Fittings	3 to 10
Footways	40 to 150		
Kerb and gutter	100 to 200	<b>Other assets</b>	
Bridges and structures	100	Library resources	3 to 5
Traffic Facilities	40 to 50	City art	25 to 100
Street furniture/other infrastructure	20 to 50		

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C1-8 Infrastructure, property, plant and equipment (continued)

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#### **Revaluation model**

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value.

Increases in the carrying amounts arising on revaluation are credited to the revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

#### **Land under roads**

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads. Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

#### **Crown reserves and third party owned land**

The Crown Land class includes assets that are owned by government and/or 3rd party entities, however Council retains both operational control of the assets and responsibility for the maintenance of improvements thereon. Council includes these land assets in the Statement of Financial Position, as well as the cost of any Council funded related improvements, on the basis of its financial rights and responsibilities in controlling and maintaining the assets. Maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

Revocation of such control by the State Government is regarded as extremely unlikely given the history of Crown Reserves, and Council's history of operational care and control over the assets.

In the case of Crown Reserve lands, Reserve Trusts were created for administrative purposes under section 92 of the Crown Lands Act 1989 ("the Act") for a large proportion of these Crown Reserves. Prior to the enactment of the Act, Council was Reserve Trustee of these assets and upon enactment, section 5A of the Schedule 8 (Savings, transitional and other provisions) of the Act has appointed Council Reserve Trust Manager of the related Reserve Trusts created under section 92.



# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C1-9 Investment properties

<b>\$ '000</b>	<b>2024</b>	<b>2023</b>
<b>Owned investment properties</b>		
Investment property on hand at fair value	<b>530,878</b>	509,643
<b>Total owned investment properties</b>	<b>530,878</b>	<b>509,643</b>

### Investment property movements

<b>\$ '000</b>	Notes	<b>2024</b>	<b>2023</b>
<b>At fair value</b>			
Opening balance at 1 July		<b>509,643</b>	399,172
Acquisitions		<b>8,500</b>	110,000
Capitalised subsequent expenditure	C1-8	<b>482</b>	1,669
Net gain/(loss) from fair value adjustments	B2-6	<b>12,253</b>	(1,198)
<b>Closing balance at 30 June</b>		<b>530,878</b>	<b>509,643</b>

### Material accounting policy information

Investment property, comprising commercial, industrial and residential properties, is held for long-term rental yield and capital appreciation and is not occupied by the Council.

### C1-10 Intangible assets

Intangible assets are as follows:

<b>\$ '000</b>	<b>2024</b>	<b>2023</b>
<b>Software</b>		
<b>Opening values at 1 July</b>		
Gross book value	<b>68,413</b>	55,597
Accumulated amortisation	<b>(45,862)</b>	(35,116)
Software work in progress (WIP) balance	<b>17,458</b>	15,663
<b>Net book value – opening balance</b>	<b>40,009</b>	<b>36,144</b>
<b>Movements for the year</b>		
– Development costs capitalised	<b>3,667</b>	14,051
– Transfer (to)/from IPP&E	<b>1,559</b>	(1,235)
– Amortisation charges	<b>(8,873)</b>	(10,745)
– Work In Progress movement - net	<b>5,531</b>	1,795
<b>Closing values at 30 June</b>		
Gross book value	<b>61,948</b>	68,413
Accumulated amortisation	<b>(46,048)</b>	(45,862)
Software work in progress (WIP) balance	<b>22,989</b>	17,458
<b>Total software – net book value</b>	<b>38,889</b>	<b>40,009</b>

### Transferable rights - heritage floor space

<b>Opening values at 1 July</b>		
Gross book value	<b>2,542</b>	–

continued on next page ...

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C1-10 Intangible assets (continued)

\$ '000	2024	2023
<b>Net book value – opening balance</b>	<b>2,542</b>	–
<b>Movements for the year</b>		
– Award of heritage floor space on City-owned property	–	1,038
– Transferred (to)/from assets held for sale at 30 June	–	1,504
<b>Closing values at 30 June</b>		
Gross book value	2,542	2,542
<b>Total Transferable Rights - Heritage Floor Space – net book value</b>	<b>2,542</b>	2,542
<b>Total intangible assets – net book value</b>	<b>41,431</b>	42,551

### Material accounting policy information

#### IT development and software

Amortisation is calculated on a straight line basis over periods generally ranging from three to five years.

#### Transferable rights - heritage floor space

The heritage floor space scheme provides an incentive for the conservation and ongoing maintenance of heritage items in central Sydney. The scheme provides for owners of eligible heritage listed buildings to be awarded heritage floor space after preparing a conservation management plan and completing agreed conservation works to their building. The awarded heritage floor space can then be sold to a site that requires it as part of an approved development application.

Within central Sydney, it is often a requirement of large scale developments to acquire heritage floor space in order to maximise development capacity on a site.

Following an award of heritage floor space on a Council-owned property, an asset will be recognised at the point the award is registered on Council's heritage floor space register. At recognition, heritage floor space awarded to Council is valued at fair value with reference to the *Heritage Floor Space Update*, published biannually by the Council's Strategic Planning and Urban Design unit (at December and June). Heritage Floor Space rights will subsequently be carried using the Cost approach (i.e. at recognition value). As transferable rights, the assets have an infinite useful life, but may be subject to fluctuations in market value.

### C1-11 Other

#### Other assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Prepayments	10,928	–	9,221	–
Future benefits – shared services relating to Sutherland animal shelter	14	70	14	84
<b>Total other assets</b>	<b>10,942</b>	<b>70</b>	<b>9,235</b>	<b>84</b>

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C2 Leasing activities

#### C2-1 Council as a lessee

##### Buildings

Council entered a lease for two floors of a larger commercial building, commencing 28 June 2019, for use as a public library. The initial lease term is 15 years, with escalation of CPI plus 0.5% annually.

##### Extension options

The lease contains five extension options of 15 years each, plus a further option of 9 years (i.e. total potential extensions of 84 years, following the initial 15 year term). Council has assessed the 15 year first extension option as reasonably certain, and included this option term in lease liability calculations. The further options are currently not considered to be reasonably certain, and have therefore been excluded from lease liability calculations (the present value of future lease payments at 30 June 2024, including all future extension options, is estimated at \$26.4M, excluding the impact of any future CPI increases).

#### (a) Right of use assets

<i>\$ '000</i>	<i>Building</i>	<i>Total</i>
<b>2024</b>		
Opening balance at 1 July	10,049	10,049
Depreciation charge	(437)	(437)
Lease liability remeasurement	393	393
<b>Balance at 30 June</b>	<b>10,005</b>	<b>10,005</b>
<b>2023</b>		
Opening balance at 1 July	10,961	10,961
Depreciation charge	(386)	(386)
Lease liability remeasurement	(526)	(526)
<b>Balance at 30 June</b>	<b>10,049</b>	<b>10,049</b>

#### (b) Lease liabilities

<i>\$ '000</i>	<i>2024 Current</i>	<i>2024 Non-current</i>	<i>2023 Current</i>	<i>2023 Non-current</i>
Lease liabilities	320	10,752	300	10,672
<b>Total lease liabilities</b>	<b>320</b>	<b>10,752</b>	<b>300</b>	<b>10,672</b>

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C2-1 Council as a lessee (continued)

#### Maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

<i>\$ '000</i>	<i>&lt; 1 year</i>	<i>1 – 5 years</i>	<i>&gt; 5 years</i>	<i>Total</i>	<i>Total per Statement of Financial Position</i>
<b>2024</b>					
Cash flows	530	2,147	11,403	14,080	11,072
<b>2023</b>					
Cash flows	508	2,059	11,512	14,079	10,972

#### (c) Income Statement

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

<i>\$ '000</i>	<i>2024</i>	<i>2023</i>
Interest on lease liabilities	216	213
Depreciation of right of use assets	437	386
Variable lease payments based on usage not included in the measurement of lease liabilities	642	632
Expenses relating to leases of low-value assets	58	79
Expenses relating to short-term leases	343	48
	<b>1,696</b>	<b>1,358</b>

#### (d) Statement of Cash Flows

Total cash outflow for leases	509	472
	<b>509</b>	<b>472</b>

#### (e) Leases at significantly below market value – concessionary / peppercorn leases

Council has a number of leases at significantly below market for land and buildings which are used for:

- Bridges - stratum
- Business innovation space
- Car park
- Child care centre
- Community room
- Creative studios
- End-of-trip (bicycle) facilities
- Jetty/pontoon facilities
- Parks, open space and community facilities

The leases are generally between 10 and 99 years for nominal rent. The use of the right-to-use asset is restricted by the lessors to specified community services which Council must provide, these services are detailed in the leases. Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C2-1 Council as a lessee (continued)

#### Material accounting policy information

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives. The right-of-use is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

#### Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

#### Leases at significantly below market value / concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition. The affected leases are subject to nominal or nil rental expense, and accordingly the associated right of use assets are measured at a nominal or nil value.

### C2-2 Council as a lessor

#### Operating leases

Council leases a number of properties to both commercial tenants and community groups. Those property assets that are held by Council for the purposes of generating rental income and/or capital appreciation are classified as investment property in the statement of financial position. Other property assets generating lease income are held for a range of community and strategic purposes, and income generated through lease arrangements is considered incidental to these longer term strategic aims.

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below:

\$ '000	2024	2023
<b>(i) Assets held as investment property</b>		
Council classifies a number of properties as Investment Property under AASB 140, where the assets are primarily held for rental returns and/or capital appreciation over time.		
The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below		
Lease income (excluding variable lease payments not dependent on an index or rate)	23,471	20,369
<b>Total income relating to operating leases for investment property assets</b>	<b>23,471</b>	<b>20,369</b>
<b>Operating lease expenses</b>		
Direct operating expenses that generated rental income	2,310	3,623
<b>Total expenses relating to operating leases of investment property</b>	<b>2,310</b>	<b>3,623</b>
<b>Repairs and maintenance: investment property</b>		
Contractual obligations for future repairs and maintenance	1,254	1,438
<b>Total repairs and maintenance: investment property</b>	<b>1,254</b>	<b>1,438</b>

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C2-2 Council as a lessor (continued)

<b>\$ '000</b>	<b>2024</b>	<b>2023</b>
<b>(ii) Assets held as property, plant and equipment</b>		
Council leases a range of property assets on both commercial and (partially) subsidised terms, including:		
<ul style="list-style-type: none"><li>• Commercial, retail, industrial and residential property</li><li>• Footway and kiosk operator licences</li><li>• Stratum leases for airspace and tunnels in the public domain</li></ul>		
Lease income (excluding variable lease payments not dependent on an index or rate)	<b>44,991</b>	42,148
Lease income relating to variable lease payments not dependent on an index or a rate	<b>20,023</b>	14,569
<b>Total income relating to operating leases for Council assets</b>	<b>65,014</b>	56,717
<b>Other leased assets expenses</b>		
Direct operating expenses for other properties that generated rental income	<b>26,360</b>	27,630
<b>Total expenses relating to other leases assets</b>	<b>26,360</b>	27,630
<b>(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:</b>		
Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:		
< 1 year	<b>45,525</b>	42,850
1–2 years	<b>34,275</b>	36,923
2–3 years	<b>28,755</b>	33,439
3–4 years	<b>19,988</b>	29,891
4–5 years	<b>17,095</b>	21,480
> 5 years	<b>117,989</b>	130,535
<b>Total undiscounted lease payments to be received</b>	<b>263,627</b>	295,118

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C3 Liabilities of Council

#### C3-1 Payables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Creditors – Goods and services	23,079	–	17,670	–
Accrued employee costs	9,856	–	8,921	–
Accrued interest expense - bonds and deposits	4	–	4	–
Accrued expenditure - other	49,639	–	47,094	–
Performance cash bonds, deposits and retentions	28,037	–	23,363	–
Prepaid rates	4,560	–	4,225	–
Other	3,331	–	6,372	–
<b>Total payables</b>	<b>118,506</b>	<b>–</b>	<b>107,649</b>	<b>–</b>

#### Payables relating to restricted and allocated assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Externally restricted assets</b>				
Domestic waste management	3,971	–	2,756	–
Payables relating to externally restricted assets	3,971	–	2,756	–
<b>Internally allocated assets</b>				
Performance cash bonds, deposits and retentions	28,037	–	23,363	–
Payables relating to internally allocated assets	28,037	–	23,363	–
<b>Total payables relating to restricted and allocated assets</b>	<b>32,008</b>	<b>–</b>	<b>26,119</b>	<b>–</b>
<b>Total payables relating to unrestricted assets</b>	<b>86,498</b>	<b>–</b>	<b>81,530</b>	<b>–</b>
<b>Total payables</b>	<b>118,506</b>	<b>–</b>	<b>107,649</b>	<b>–</b>

#### Current payables not anticipated to be settled within the next twelve months

\$ '000	2024	2023
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	16,538	14,207
<b>Total payables</b>	<b>16,538</b>	<b>14,207</b>

#### Material accounting policy information

**Creditors - Goods and services** represent liabilities for goods and services provided to the council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C3-2 Contract Liabilities

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	86	–	529	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(i)	1,171	–	1,312	–
Heritage conservation fund	(ii)	8,321	66,734	1,941	73,487
<b>Total grants and contributions received in advance:</b>		<b>9,578</b>	<b>66,734</b>	<b>3,782</b>	<b>73,487</b>
<b>User fees and charges received in advance:</b>					
Miscellaneous payments received in advance		27,717	–	19,911	–
<b>Total user fees and charges received in advance</b>		<b>27,717</b>	<b>–</b>	<b>19,911</b>	<b>–</b>
<b>Total contract liabilities</b>		<b>37,295</b>	<b>66,734</b>	<b>23,693</b>	<b>73,487</b>

#### Notes

(i) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 being satisfied since the performance obligations are ongoing.

(ii) The liability relates to funds received via the Alternative Heritage Floor Space Allocation Scheme and held in the Heritage Conservation Fund. Strict eligibility criteria for projects, detailed in the scheme, must be met before funds are eligible to be recognised as income. This recognition occurs in line with expenditure on eligible projects.

#### Contract liabilities relating to restricted and allocated assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Externally restricted assets</b>				
Unspent grants held as contract liabilities	1,257	–	4,067	–
<b>Contract liabilities relating to externally restricted assets</b>	<b>1,257</b>	<b>–</b>	<b>4,067</b>	<b>–</b>
<b>Internally allocated assets</b>				
Heritage Conservation Fund	8,320	66,734	1,941	73,487
<b>Contract liabilities relating to internally allocated assets</b>	<b>8,320</b>	<b>66,734</b>	<b>1,941</b>	<b>73,487</b>
<b>Total contract liabilities relating to restricted/allocated assets</b>	<b>9,577</b>	<b>66,734</b>	<b>6,008</b>	<b>73,487</b>
<b>Total contract liabilities relating to unrestricted/unallocated assets</b>	<b>27,718</b>	<b>–</b>	<b>17,685</b>	<b>–</b>
<b>Total contract liabilities</b>	<b>37,295</b>	<b>66,734</b>	<b>23,693</b>	<b>73,487</b>



# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C3-2 Contract Liabilities (continued)

#### Revenue recognised that was included in the contract liability balance at the beginning of the period

\$ '000	2024	2023
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	357	1,457
Operating grants (received prior to performance obligation being satisfied)	1,269	1,681
Heritage conservation fund	373	2,520
<b>User fees and charges received in advance:</b>		
Miscellaneous payments received in advance	12,290	23,384
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>14,289</b>	<b>29,042</b>

### C3-3 Borrowings

#### Financing arrangements

\$ '000	2024	2023
<b>Total facilities</b>		
Total financing facilities available to Council at the reporting date are:		
Credit cards/purchase cards	1,500	1,500
<b>Total financing arrangements</b>	<b>1,500</b>	<b>1,500</b>
<b>Drawn facilities</b>		
Financing facilities drawn down at the reporting date are:		
– Credit cards/purchase cards	159	24
<b>Total drawn financing arrangements</b>	<b>159</b>	<b>24</b>
<b>Undrawn facilities</b>		
Undrawn financing facilities available to Council at the reporting date are:		
– Credit cards/purchase cards	1,341	1,476
<b>Total undrawn financing arrangements</b>	<b>1,341</b>	<b>1,476</b>

### C3-4 Employee benefit provisions

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Annual leave	15,220	–	13,192	–
Sick leave	4,177	–	4,696	–
Long service leave	51,126	2,063	47,690	2,352
Public holidays	344	–	379	–
<b>Total employee benefit provisions</b>	<b>70,867</b>	<b>2,063</b>	<b>65,957</b>	<b>2,352</b>

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C3-4 Employee benefit provisions (continued)

#### Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	48,160	46,009
	<u>48,160</u>	<u>46,009</u>

#### Description of and movements in provisions

\$ '000	Employee benefit provisions				Total
	Annual leave	Sick leave	Long service leave	Public holidays	
<b>2024</b>					
At beginning of year	13,192	4,696	50,042	380	68,309
Additional provisions	16,547	612	9,147	–	26,306
Amounts used (payments)	(14,393)	(819)	(6,333)	(36)	(21,581)
Remeasurement effects	–	(312)	332	–	20
Unused amounts reversed	(126)	–	–	–	(126)
Total ELE provisions at end of year	<u>15,220</u>	<u>4,177</u>	<u>53,189</u>	<u>344</u>	<u>72,930</u>
<b>2023</b>					
At beginning of year	12,506	4,808	47,779	328	65,421
Additional provisions	15,539	577	8,216	52	24,384
Amounts used (payments)	(14,001)	(552)	(5,681)	–	(20,234)
Remeasurement effects	–	(137)	(272)	–	(409)
Unused amounts reversed	(852)	–	–	–	(852)
Total ELE provisions at end of year	<u>13,192</u>	<u>4,696</u>	<u>50,042</u>	<u>380</u>	<u>68,309</u>

#### Material accounting policy information

##### Long-term employee benefit obligations

The liability for long-service leave and sick leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### C3-5 Provisions

\$ '000	2024	2024	2023	2023
	Current	Non-Current	Current	Non-Current
<b>Other provisions</b>				
Self insurance – workers compensation	4,500	18,900	4,500	18,000
Self insurance – public liability	433	139	366	38
Superannuation	–	1,425	–	1,539
Provision for rent waivers (Covid-19)	1,226	–	7,931	–
Other	5,532	–	5,475	–
<b>Sub-total – other provisions</b>	<u>11,691</u>	<u>20,464</u>	<u>18,272</u>	<u>19,578</u>

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C3-5 Provisions (continued)

\$ '000	2024 Current	2024 Non-Current	2023 Current	2023 Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	4,600	–	–	4,600
<b>Sub-total – asset remediation/restoration</b>	<b>4,600</b>	<b>–</b>	<b>–</b>	<b>4,600</b>
<b>Total provisions</b>	<b>16,291</b>	<b>20,464</b>	<b>18,272</b>	<b>24,178</b>
<b>Provisions relating to restricted and allocated assets</b>				
<b>Internally allocated assets</b>				
Self insurance – workers compensation	4,500	18,900	4,500	18,000
Self insurance – public liability	433	138	366	38
<b>Provisions relating to internally allocated assets</b>	<b>4,933</b>	<b>19,038</b>	<b>4,866</b>	<b>18,038</b>
<b>Total provisions relating to restricted/allocated assets</b>	<b>4,933</b>	<b>19,038</b>	<b>4,866</b>	<b>18,038</b>
<b>Total provisions relating to unrestricted/unallocated assets</b>	<b>11,358</b>	<b>1,426</b>	<b>13,406</b>	<b>6,140</b>
<b>Total provisions</b>	<b>16,291</b>	<b>20,464</b>	<b>18,272</b>	<b>24,178</b>

### Description of and movements in provisions

\$ '000	Other provisions						Total
	Asset remed- iation	Workers Compens- ation	Public liability	Superannu ation	Rental Waivers	Other	
<b>2024</b>							
At beginning of year	4,600	22,500	404	1,539	7,931	5,474	42,448
Additional provisions	–	6,695	509	–	–	2,100	9,304
Amounts used (payments)	–	(5,215)	(341)	–	(3,022)	(1,663)	(10,241)
Remeasurement effects	–	(580)	–	(114)	–	–	(694)
Unused amounts reversed	–	–	–	–	(3,683)	(380)	(4,063)
<b>Total other provisions at end of year</b>	<b>4,600</b>	<b>23,400</b>	<b>572</b>	<b>1,425</b>	<b>1,226</b>	<b>5,531</b>	<b>36,754</b>
<b>2023</b>							
At beginning of year	4,000	26,300	656	1,817	11,544	2,746	47,063
Additional provisions	600	6,966	291	–	–	3,292	11,149
Amounts used (payments)	–	(5,582)	(168)	–	(3,613)	(564)	(9,927)
Remeasurement effects	–	(5,184)	–	(278)	–	–	(5,462)
Unused amounts reversed	–	–	(375)	–	–	–	(375)
<b>Total other provisions at end of year</b>	<b>4,600</b>	<b>22,500</b>	<b>404</b>	<b>1,539</b>	<b>7,931</b>	<b>5,474</b>	<b>42,448</b>

### Nature and purpose of provisions

#### Public liability and Workers Compensation - self-insurance

Self insurance provisions represent both (i) claims incurred but not reported and (ii) claims reported and estimated as a result of Council's being a self insurer up to certain levels of excess. Council has decided to self-insure for various risks, including public liability, workers compensation and professional indemnity. A provision for self-insurance has been made to

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C3-5 Provisions (continued)

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recognise outstanding claims. Council also maintains cash and investments to meet expected future claims; refer to Note C1-3.

#### Superannuation

Council records its assets and liabilities in respect of a Pooled Fund comprising closed NSW public sector superannuation schemes. Council's liability (or asset) position at 30 June is advised by the Fund's actuary. An additional disclosure under the Defined Benefit Plans is set out below.

#### Provision for Rent Waivers

Other provisions incorporate a provision for rental waivers related to Covid-19 impacts on commercial property tenancies. Council applied the *the National Code of Conduct for commercial tenancies*, which was in effect until March 2021, and subsequently extended similar rental relief provisions beyond that time. As waiver eligibility is confirmed, property debts are adjusted, or in cases where tenants do not meet the requirements for rental waivers, the provision will be (partially) reversed to income.

#### Other

Other provisions include additional rental related provisions, reflecting anticipated credit notes to be issued to tenants in a future accounting period, and minor amounts related to fee incomes and expenditure recoveries.

#### Asset remediation

Asset remediation, reinstatement and restoration provisions represent the present value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations.

### Defined Benefit Plans - additional disclosures

#### A) Multi-Employer Pooled Fund

Council participates in an employer sponsored Defined Benefit Superannuation Scheme that is a multi-employer plan.

*a) Funding arrangements, including the method used to determine the rate of contributions and any minimum funding requirements.*

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard employer contribution rates are:

Division B	1.9 times member contributions for non-180 Point Members; nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times member contributions

*\*For 180 Point Members, Employers are required to contribute 8.5% of salaries for the year ended 30 June 2024 (increasing to 9.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.*

The additional lump sum contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum from 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2023. These lump sum contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation, the next of which is due effective 30 June 2024, and monitored annually between triennials.

*b) Extent to which Council may be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan.*

As stated above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C3-5 Provisions (continued)

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

c) *Description of any agreed allocation of a deficit or surplus on:*

(i) *wind-up of the plan*

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

(ii) *entity's withdrawal from the plan*

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

(d) *Further information relating to Council accounting for the pooled employer fund as a defined contribution plan:*

(i) *the fact that the plan is a defined benefit plan.*

Council confirms that the plan is a defined benefit plan.

(ii) *why sufficient information is not available to enable Council to account for the plan as a defined benefit plan.*

(1) Assets are not segregated within the sub-group according to the employees of each sponsoring employer;

(2) The contribution rates have been the same for all sponsoring employers and have not varied for each employer according to the experience relating to the employees of that employer. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer;

(3) Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and

(4) The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors set out above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by the members). As such there is insufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would be for a single employer sponsored defined benefit plan. Paragraph 34 of AASB 119 therefore applies, with the disclosures herein reflecting the requirements of paragraph 148 of AASB 119.

(iii) *the expected contribution to the plan for the next annual reporting period*

The expected contributions by Council to the Fund for the next annual reporting period are \$1.144M.

(iv) *information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity.*

The estimated employer reserves financial position for the Pooled Employers at 30 June 2024 is:

<b>Defined Benefit reserves only</b> (excluding other accumulation amounts in both assets and liabilities)	<b>\$M</b>	<b>Asset Coverage</b>
Assets	2,237.5	
Past Service Liabilities	2,141.9	104.5%
Vested Benefits	2,159.8	103.6%

The key economic long-term assumptions used to calculate the present value of accrued benefits are:

Investment return	6.0% p.a.
Salary inflation (plus promotional increases)	3.5% p.a.
Increase in CPI	3.5% for FY 2023/24 2.5% p.a. thereafter

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C3-5 Provisions (continued)

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reserves financial position above is a preliminary calculation, and once all relevant information have been received by the Fund's Actuary, the final end of year review will be completed by December 2024.

*(v) an indication of the level of Council's participation in the plan compared with other participating entities.*

Council's participation in the Scheme compared with other entities is about 5.13%, based on the Council's current level of annual past service contributions of \$1.626M against total contributions of \$20.0M. The last valuation of the Fund was performed by Mr Richard Boyfield, FIAA as at 30 June 2023.

#### **B) Defined Benefit Pooled Fund**

Council participates in a Pooled Fund comprising closed NSW public sector superannuation schemes.

*Nature of the benefits provided by the fund:*

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS)

The schemes are all defined benefit schemes with a component of the final benefit being derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement or withdrawal. All the Schemes are closed to new members. Council records its net assets/liabilities in respect of this Pooled Fund in accordance with the requirements of AASB 119 Employee Entitlements (refer to Note C3-5 - Provisions - Superannuation) as the funds assets/liabilities are not material in relation to Council's total assets and liabilities.

#### **Material accounting policy information**

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### C4 Reserves

#### C4-1 Nature and purpose of reserves

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##### **IPPE Revaluation reserve**

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments and decrements in the revaluation of Council-owned infrastructure, property, plant and equipment.

##### **Trust assets reserves**

The Trust Assets Reserve represents the total fair value of trust land assets (such as Crown Reserve Trusts and land parcels owned by third parties) that have come under the management control of Council at no acquisition cost and which have subsequently been revalued to fair value. These assets are owned by external entities (including State and Federal Governments) and are effectively controlled by the City as custodians or Reserve Trust manager.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### D Council structure

#### D1 Financial result and financial position by fund

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Council utilises only a general fund for its operations.

#### D2 Interests in other entities

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Council has no interest in any controlled entities, joint arrangements or associates.

#### D3 Discontinued operations

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Council has not classified any of its operations as 'discontinued'.



# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### E Risks and accounting uncertainties

#### E1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including (1) price risk, (2) credit risk, (3) liquidity risk and (4) interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council. Financial risk management is carried out by Council's Chief Finance Office under policies approved by the Council. Council does not engage in material transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2024	Carrying value 2023	Fair value 2024	Fair value 2023
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	65,735	60,871	65,735	60,871
Receivables	78,431	90,078	78,431	90,078
Investments				
– Debt securities at amortised cost	700,600	669,550	702,288	669,554
Contract assets	16,736	20,146	16,736	20,146
<b>Total financial assets</b>	<b>861,502</b>	<b>840,645</b>	<b>863,190</b>	<b>840,649</b>
<b>Financial liabilities</b>				
Payables	118,506	107,649	118,506	107,649
Lease liabilities	11,072	10,972	11,072	10,972
<b>Total financial liabilities</b>	<b>129,578</b>	<b>118,621</b>	<b>129,578</b>	<b>118,621</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables, lease liabilities** – carrying value is estimated to approximate fair value.
- **Investments measured at amortised cost** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. Council's Chief Finance Office manages the cash and investments portfolio.

Council has an investment policy which complies with the Local Government Act 1993 section 625 and Minister's investment order. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### E1-1 Risks relating to financial instruments held (continued)

- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers from time to time, when considering certain investment opportunities.

#### (a) Market risk – interest rate and price risk

\$ '000	2024	2023
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	7,641	7,271
Impact of a 10% movement in price of investments		
– Equity / Income Statement <sup>1</sup>	–	–

(1) For the financial years shown, all investments were held at amortised cost, based on Council's investing business model. Accordingly, fluctuations in market value are not expected to have any impact on Net Surplus or Equity; all investments are due to mature at their face value.

#### (b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees, rental debtors and future works in kind contributions receivable.

The main risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. There are no significant concentrations of credit risk, other than Council has significant credit risk exposures in its local area given the nature of the business.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

Council makes suitable provision for expected credit losses as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### E1-1 Risks relating to financial instruments held (continued)

#### Credit risk profile

##### Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

\$ '000	Not yet overdue rates and annual charges			Total
	overdue	< 5 years	≥ 5 years	
<b>2024</b>				
Gross carrying amount	–	8,586	100	8,686
<b>2023</b>				
Gross carrying amount	–	7,518	98	7,616

##### Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due. For the assessment of expected credit losses at 30 June 2024, consideration was given to the ongoing impact of the Covid-19 pandemic on default rates.

The loss allowance provision as at 30 June 2024 is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	
<b>2024</b>						
Gross carrying amount	65,361	13,178	39	1,450	13,282	93,310
Expected loss rate (%)	0.00%	2.29%	6.80%	31.68%	45.66%	7.32%
ECL provision	–	302	3	459	6,065	6,829
<b>2023</b>						
Gross carrying amount	92,252	3,802	100	517	10,671	107,342
Expected loss rate (%)	0.00%	1.44%	2.62%	21.83%	39.21%	4.06%
ECL provision	–	55	3	113	4,184	4,355

#### (c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting. Refer to C2-1(b) for lease liabilities.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### E1-1 Risks relating to financial instruments held (continued)

\$ '000	<i>Weighted average interest rate</i>	<i>Subject to no maturity</i>	<i>payable in:</i>			<i>Total cash outflows</i>	<i>Actual carrying values</i>
			<i>≤ 1 Year</i>	<i>1 - 5 Years</i>	<i>&gt; 5 Years</i>		
<b>2024</b>							
Payables	0.00%	28,037	90,469	–	–	118,506	118,506
<b>Total financial liabilities</b>		<b>28,037</b>	<b>90,469</b>	<b>–</b>	<b>–</b>	<b>118,506</b>	<b>118,506</b>
<b>2023</b>							
Payables	0.00%	23,363	83,834	–	–	107,197	107,649
<b>Total financial liabilities</b>		<b>23,363</b>	<b>83,834</b>	<b>–</b>	<b>–</b>	<b>107,197</b>	<b>107,649</b>

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### E2-1 Fair value measurement

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Investment property

For the comparative period shown, Council measured the following assets at fair value on a non-recurring basis:

- Non-current assets classified as 'held for sale'

Those assets classified as held for sale represent expected sales of property where a financial offer has been accepted and/or settlement is expected within the next 12 months. The assets were transferred from the Operational Land class, having been most recently revalued on a basis consistent with those classes.

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Details of the asset and liability classes measured and recognised by Council at fair value are shown on the following pages.

#### Recurring fair value measurements

\$ '000	Notes	Fair value measurement hierarchy				Total	
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		2024	2023
		2024	2023	2024	2023	2024	2023
<b>Investment property</b>	C1-9						
Investment property portfolio		<b>530,878</b>	509,643	–	–	<b>530,878</b>	509,643
<b>Total investment property</b>		<b>530,878</b>	509,643	–	–	<b>530,878</b>	509,643

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### E2-1 Fair value measurement (continued)

\$ '000	Notes	Fair value measurement hierarchy					
		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023
<b>Infrastructure, property, plant and equipment (IPP&amp;E)</b>							
	C1-8						
Plant and equipment		–	–	39,343	41,249	39,343	41,249
Office equipment		–	–	8,686	8,921	8,686	8,921
Furniture and fittings		–	–	5,915	9,251	5,915	9,251
Operational land		1,981,153	2,025,357	136,904	85,331	2,118,057	2,110,688
Community land		–	–	2,912,723	2,921,589	2,912,723	2,921,589
Crown and third party owned land		–	–	3,649,586	3,489,196	3,649,586	3,489,196
Land under roads (post 30/6/2008)		–	–	178,440	165,247	178,440	165,247
Open space		–	–	359,632	323,421	359,632	323,421
Buildings – non specialised		596,068	592,370	1,256,220	1,182,154	1,852,288	1,774,524
Buildings – specialised		–	–	43,393	40,233	43,393	40,233
Other structures – trees		–	–	176,397	149,723	176,397	149,723
Other structures – signs		–	–	27,340	26,875	27,340	26,875
Other structures – poles & lights		–	–	92,554	88,780	92,554	88,780
Roads, bridges, footpaths, kerbs		–	–	1,594,511	1,488,499	1,594,511	1,488,499
Stormwater drainage		–	–	382,383	366,453	382,383	366,453
Heritage collections		–	–	9,816	9,733	9,816	9,733
Library books		–	–	1,601	1,697	1,601	1,697
City art		–	–	61,442	55,977	61,442	55,977
<b>Total IPP&amp;E</b>		<b>2,577,221</b>	<b>2,617,727</b>	<b>10,936,886</b>	<b>10,454,329</b>	<b>13,514,107</b>	<b>13,072,056</b>
<b>Non- recurring fair value measurements</b>							
<b>Non-current assets classified as held for sale</b>							
	C1-7						
Land		192,817	–	–	–	192,817	–
<b>Total NCA's classified as held for sale</b>		<b>192,817</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>192,817</b>	<b>–</b>

### Transfers between level 1 and level 2 fair value hierarchies

No transfers occurred between level 1 and level 2 fair value hierarchies during the year.

### Valuation techniques

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

### E2-1 Fair value measurement (continued)

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#### Investment properties

Fair value of investment properties is estimated based on appraisals performed by an independent and professionally qualified property valuer. The valuer applied the Market or Income approach, as appropriate, in valuing the properties.

The **Market approach** was used for residential and commercial properties where the relevant inputs were able to be observed from current market evidence. The residential properties' fair value was derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size.

The value of commercial investment buildings is dependent upon the cash flows generated from those buildings. Accordingly, these were valued using the **Income approach**. Key inputs to valuation included market rental yields and estimates of future demand. Both were based on an analysis of current market rental data but did require the exercise of professional judgement by the valuers.

The commercial buildings have been generally derived using a combination of sales direct comparison approach and capitalisation of income approach. Fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size and taking into account current rental yields, vacancy rates and price per square metre.

#### Infrastructure, property, plant and equipment (IPPE)

##### Plant & Equipment, Office Equipment, Furniture & Fittings, Library Resources

The Cost Approach is used for these asset classes, based on depreciated original cost representing fair value. The assets are primarily for operational purposes and are not of a nature where valuation increments are likely. Gross value is adjusted by depreciation representing the wear and tear of the assets based on the estimated useful life of the asset. The valuation process is conducted by Council staff.

##### Buildings (Specialised and Non-Specialised)

Comprehensive valuations of all building assets were undertaken by an external, qualified valuer (APV Valuers and Asset Management in 2020/21). In accordance with the brief provided to APV, valuations are compliant with AASB 13 - Fair Value. Depending upon the unique circumstances of the building asset and other structure, each has been valued using a range of approaches:

- Market approach: applied where there is a principal market which provides observable evidence of the Fair Value of the asset.
- Income approach: utilised for assets where the income generating capability of the asset provides the best estimate of the assets' Fair Value.
- Cost approach: used for assets which are not income-generating and/or for which comparable sales evidence does not exist. These assets, largely within Specialised Buildings, have a particular use for delivery of services (e.g. grandstands, amenities blocks).

The valuations are based on a range of inputs. Some inputs may be gathered at a high level prior to application of inputs at the Asset or Component Level. Inputs to the valuation supported by observable evidence obtained via inspection and market evidence have been classified as Level 2 inputs. These include sales data, market and current rental income data, design and construction costs, average cost of construction, condition and consumption scores for each component as well as the dates of acquisition and decommissioning.

The unobservable inputs (such the relationship between condition and the assessed level of remaining service potential of the depreciable amount required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs. Since the previous comprehensive revaluation, annual interim valuation adjustments have been made, to reflect indicative movements in market value and replacement cost. These interim adjustments are based on indicative market value movements in Council's Investment Properties (see above), and Australian Bureau of Statistics (ABS) Producer Price Index 6427017-3020 - Non-residential Building construction New South Wales.

## Notes to the Financial Statements

for the year ended 30 June 2024

### E2-1 Fair value measurement (continued)

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#### **Operational Land**

Fair value of this asset class is estimated based on appraisals performed by an independent and professionally qualified property valuer (APV) in 2020/21. Land valuations take into consideration the characteristics of the land, such as size, zoning, topography, configuration etc. Depending upon the unique circumstances of each lot, land has been valued using one of the following approaches:

- Direct comparison to sales approach: The most widely used approach. Recent sales of similar properties are utilised as indicative of value, with site-specific characteristics allowed for.
- Value to an Adjoining Owner approach: in limited cases where there is no open market for a parcel, it may hold commercial value to an adjoining land owner. Value is considered to be the difference between the value of the adjacent land parcel with and without the subject parcel being included.
- Nominal Value approach: sites with limited or no commercial utility (standalone or to adjacent owner) were valued at a nominal cost of acquisition (\$1,000).

The Value to an Adjoining Owner and Nominal Value approaches each incorporate unobservable inputs, however the majority of valuations for the class reflect Level 2 (observable) inputs. Since the previous comprehensive revaluation, annual interim valuation adjustments have been made, to reflect indicative movements in NSW Valuer General valuations within the Local Government Area.

#### **Community Land (Council-owned)**

Fair value of this asset class is estimated based on appraisals performed by an independent and professionally qualified property valuer (Australian Pacific Valuers, APV) in 2020/21. Land valuations take into consideration the characteristics of the land, such as size, zoning, topography, configuration etc. Land parcels were valued by APV in a manner consistent with Operational Land (as described above). Based on the unique circumstances of each lot, one of the following approaches was applied:

- Direct comparison to sales approach
- Hypothetical Development approach
- Value to an Adjoining Owner approach
- Nominal Value approach

The Hypothetical Development, Value to an Adjoining Owner and Nominal Value approaches all incorporate unobservable inputs. A significant unobservable input is a discount (25% reduction) applied to the land values provided by APV, in recognition of the 'restrictions' associated with community land, in particular the lack of ability to sell the land or put it to an alternative purpose. Since the previous comprehensive revaluation, annual interim valuation adjustments have been made, to reflect indicative movements in NSW Valuer General valuations within the Local Government Area.

#### **Crown and Third party owned Land (Council-controlled)**

Consistent with the Office of Local Government Code of Accounting Practice and Financial Reporting, Crown Reserves under Council's care and control are recognised as assets of the Council. Fair value of this asset class is estimated based on appraisals performed by an independent and professionally qualified property valuer (APV) in 2020/21, with a further adjustment made to 'discount' these valuations (50% reduction) in order to reflect implicit restrictions associated with the land type (specifically, Council's lack of ownership interest and ability to sell the land or put it to an alternative purpose). This discount is an unobservable input, applied to the observable inputs used by the external valuer (consistent with the Operational and Community Land classes). Since the previous comprehensive revaluation, annual interim valuation adjustments have been made, to reflect indicative movements in NSW Valuer General valuations within the Local Government Area.

#### **Land Under Roads (post 30/06/2008)**

Council utilises the 'englobo' valuation methodology for Land Under Roads, as allowable under the Office of Local Government Code of Accounting Practice and Financial Reporting. The approach utilises the average land valuation rate from the NSW Valuer-General for the Local Government Area, and applies a 90% 'discount' to reflect the 'restrictions' inherent to land under roads (in particular, the difficulty associated with sale or transfer). Following the comprehensive revaluation of Land Under Roads in 2022/23, an annual interim valuation adjustment was made in 2023/24, to reflect indicative movements in NSW Valuer General valuations within the Local Government Area.



## Notes to the Financial Statements

for the year ended 30 June 2024

### E2-1 Fair value measurement (continued)

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#### **Infrastructure – Roads, Bridges, Footpaths, Stormwater Drainage, Signs, Poles & Lights**

Fair value of these asset classes is determined on the current replacement cost (CRC) approach, being the amount that would be required to replace the current service capacity of an asset. CRC is determined with reference to current third party asset works contracts and the assessed remaining service potential of the assets. Signs and Poles & Lights were revalued in 2020/21, using updated unit rates, and available condition assessment data. The remaining infrastructure asset classes were revalued in 2021/22. Key data inputs informing valuation calculations – asset quantities, materials and conditions – were compiled by Council staff utilising external consultant reports where available.

Since the previous comprehensive revaluation, annual interim valuation adjustments have been made, to reflect indicative movements in CRC. In prior years, interim adjustments were based on annual uplift % applied to major construction service contracts. Pending the commencement of a new major Civil Works contract in 2024/25, no uplift was applied to unit rates within the expiring current contract in 2023/24. Accordingly, ABS indices 6427017-3101 Road and bridge construction New South Wales (Roads Bridges, Footpaths) and 6427017-3109 Other heavy and civil engineering construction Australia (Stormwater Drainage) were utilised as a basis for interim revaluation adjustments in 2023/24. The Signs and Poles & Lights asset classes were not subject to an interim valuation adjustment, pending the outcome of ongoing asset and condition data collection.

#### **Open Space & Recreational Assets**

Fair value of these asset classes is determined on the current replacement cost approach substantially based on replacement costs determined with reference to current third party asset replacement contracts. These standard unit rates are a significant unobservable input and reflect an estimate determined by internal staff. An additional estimate relates to the assessed condition of assets, which is used to determine the expected remaining useful life (and accordingly the accumulated depreciation) of assets. Gross replacement cost less accumulated depreciation is considered to reflect fair value. The Open Space asset class was comprehensively revalued on this basis at 30 June 2021. Since the previous comprehensive revaluation, annual interim valuation adjustments have been made, to reflect annual % movements in contractual unit rates for asset construction.

#### **Trees**

Fair value of these asset classes is determined on the current replacement cost approach based on replacement costs determined with reference to current third party asset replacement contracts. This incorporates the supply cost, cost of associated base/planting works and establishment costs associated with the initial period after planting. Valuations are undertaken by Council staff. The Trees asset class was comprehensively revalued on this basis at 30 June 2022. Since the previous comprehensive revaluation, annual interim revaluation adjustments have reflected annual % movements in contractual unit rates. Uplift in 2023/24 reflected the commencement of new major tree services contracts, incorporating new unit rates for tree installation and replacement.

#### **Heritage Collections and City Art**

Fair value of these asset classes are estimated based on appraisals performed by independent and professionally qualified valuers. These assets are considered to be 'specialised' in nature, and accordingly depreciated replacement cost is utilised as the methodology to determine fair value, consistent with previous revaluations. Replacement cost estimates incorporate unobservable inputs, being an estimated amount that one would expect to pay for the same or similar item in a retail setting from a reputable merchant, or the cost to rebuild/replace with an equivalent asset at the date of valuation. Both asset classes were comprehensively revalued at 30 June 2021. Due to the specialised nature of these assets and their relatively long lives, fair value is not considered to have changed materially from the valuations obtained at the previous comprehensive revaluation.

#### **Non-current assets classified as 'held for sale'**

The assets classified as 'held for sale' at 30 June 2024 comprised only Operational Land, based on divestment status at balance date. Valuation techniques for Operational Land are consistent with those described above.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### E2-1 Fair value measurement (continued)

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#### Highest and best use

The following non-financial assets of Council are being utilised in a manner that does not generate commercial revenue:

##### **Community based assets**

Council undertakes a number of services with the intention of providing community benefits to residents, workers and visitors. These services are based meeting essential community needs and are not of a nature that would be provided in a commercially competitive environment.

Land under the asset class includes Crown land (and other third-party owned land) under Council's care and control as well as Council-owned land that has been classified as community land under the provisions of the Local Government Act 1993. Furthermore, Council has a number of buildings that are applied in delivering community services. The restrictions on the land and the community use of the buildings in delivering community based services is considered to be the 'highest and best use' of those assets to Councils.

##### **Land Under Roads**

Land holdings under the Land Under Roads asset class comprise parcels of land acquired by (or dedicated to) Council after 30 June 2008. The englobo methodology applied to valuations is intended to reflect the inherent restriction on land that is used for the purpose of roads. The continued use of this land for the purposes of road, footpath, cycleway and stormwater drainage (as applicable) is considered to be 'highest and best use'.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### E3-1 Contingencies

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#### **ASSETS/LIABILITIES NOT RECOGNISED**

##### **1. Potential benefits to Council/Potential claims from contractual disputes**

At balance date, Council is not involved in any legal matters expected to result in either material financial benefit or material financial loss.

##### **2. Self insurance – Workers Compensation**

Council has decided, on the basis of proper risk management practices, to carry its own insurance in regard to worker's compensation. A provision for self insurance has been made to recognise outstanding claims, based on actuarial recommendation, the amount of which is detailed in Note C3-5.

As a self-insurer, Council is required to lodge a bank guarantee with the State Insurance Regulatory Authority (SIRA). At 30 June 2024, a bank guarantee for \$23.8M was held by the SIRA.

All other insurance risks, including workers compensation claims above \$600,000 for those received prior to 31 March 2022 and above \$1,000,000 for those received after that date, are covered by external companies. Note that a new insurance cover was contracted from 1 April 2022. The higher excess is reflective of recent market changes.

##### **3. Infringement Notices/Fines**

Fines & Penalty Income, resulting from Council issuing Infringement Notices, is followed up and collected by the State Debt Recovery Office. Council's Revenue Recognition policy for such income is to account for it as revenue when the penalty is applied to the extent of expected recovery rates (determined in accordance with past experience).

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid Infringement Notices that are in excess of the accrued revenue recognised in the accounts.

Due to the limited information available on the status and duration of outstanding Notices, Council is unable to reliably determine the full value of outstanding income.

##### **4. Proposed Land Transfers between NSW Government Authorities and Council**

Council has previously agreed to proceed with a transfer of public assets from NSW State Government Agencies. Certain parcels of land have transferred to Council by agreement with the relevant NSW State Government agencies in recent financial years, reflected as non-cash contributions income as applicable. The completion of the remaining transfers of assets is subject to the fulfilment of specific conditions. The value of these assets cannot be quantified at this time, as they are subject to assessment of age and condition at the time of transfer.

##### **5. Superannuation – Defined Benefits Schemes**

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefit, as defined in the Trust Deed, as they accrue.

Council has an ongoing obligation to share in the future rights and liabilities of the Scheme. Favourable or unfavourable variations may arise should the financial requirements of the Scheme differ from the assumptions made by the Scheme's actuary in estimating the accrued benefits liability. Further disclosure relating to defined benefits schemes is shown at Note C3-5.

##### **6. Developer Contributions Plans and Planning Agreements**

Council levies infrastructure contributions upon various development across the Council area through the requisite Contributions Plans (Section 7.11, 7.12 and 61) and through Voluntary Planning Agreements (VPAs; Section 7.4).

As part of these Plans and VPAs, Council has received funds which are required to be expended only for the purposes for which they were levied (per the respective plans and VPAs). These Plans also indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or, where a shortfall exists, by the use of Council's General Funds.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### E3-1 Contingencies (continued)

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These future expenditures do not yet qualify as liabilities as at Reporting Date, but represent Council's intention to spend funds in the manner and timing set out in those Plans.

Planning Agreements may also make provision for the future delivery of public benefits to Council, and/or dedication as community assets. The delivery of these assets remains contingent upon the developers actioning consent and they are not raised as receivable assets until all contingencies expire.

#### 7. Heritage Floor Space - Council Properties

Changes to the Sydney Development Control Plan (2012) made by Council may result in the award of Heritage Floor Space (HFS) to Council, subject to:

- a) Council, in its capacity as property owner, making application for the award of HFS on an eligible building
- b) That application being assessed by Council, in its capacity as statutory authority, as meeting the relevant criteria to allow award of HFS

During 2022/23 financial year, additional HFS awarded in respect of Council-owned property was registered, as reflected in *Note B2-3 - Other Revenue* and *Note C1-10 - Intangible Assets* comparative year totals. Further awards on Council-owned properties are possible in future periods, subject to the assessment of any applications submitted.

At the time of recognition, valuation of any HFS awarded to Council relies upon on available market evidence of recent sales by holders of HFS to developers.

#### 8. Alternative Heritage Floor Space Allocation Scheme

Under Council's Alternative Heritage Floor Space Allocation Scheme, developers provide a bank guarantee (or security deposit) for an agreed sum, to enable projects to proceed where the requisite Heritage Floor Space (HFS) allocation has yet to be secured. Should the heritage floor space allocation not be secured by the developer at a specific date, the guarantee will be claimed by Council, or a monetary payment made to Council for the equivalent value. Once received, these funds are held as restricted assets, pending subsequent utilisation.

At balance date, performance bonds were held by Council for five development sites (totalling \$12.2M). A partial or full claim on the guarantees may be made at a future date, should the respective developers fail to secure the required HFS. Where the required HFS is secured, the guarantee/s will be returned and no monetary payment by the developer/s will be required. To date, the City has received payment for eighteen developments where HFS was not secured within the requisite timeframe (\$79.2M received to date). Amounts received via the Alternative Heritage Floor Space Allocation Scheme are held as restricted cash in the Heritage Conservation Fund (refer Note C1-3). A corresponding liability amount, reflecting unearned revenue, is held until suitable projects are identified to utilise the Heritage Conservation Fund in the delivery of heritage renewal projects within Central Sydney. \$0.4M of eligible project expenditure was undertaken in 2023/24 financial year, resulting in a Heritage Conservation Fund balance of \$75.1M as at 30 June 2024. A further \$8.3M of eligible restoration project expenditure is budgeted in 2024/25, with additional projects identified over the life of Council's Long Term Financial Plan that will utilise the balance of the Heritage Conservation Fund over the next 10 years.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### F People and relationships

#### F1 Related party disclosures

##### F1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

<b>\$ '000</b>	<b>2024</b>	<b>2023</b>
<b>Compensation:</b>		
Short-term benefits	<b>3,345</b>	3,310
Post-employment benefits	<b>481</b>	447
<b>Total</b>	<b>3,826</b>	<b>3,757</b>

The compensation amounts above relate to non-Councillor Key Management Personnel. Annual expenses related to Lord Mayoral and Councillor fees are shown at Note F1-2 below.

#### Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. payment of rates, access to library or Council swimming pool by KMP) will not be disclosed.

##### F1-2 Councillor and Mayoral fees and associated expenses

<b>\$ '000</b>	<b>2024</b>	<b>2023</b>
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Councillor expenses – Mayoral fee	<b>238</b>	232
Councillors' fees	<b>434</b>	425
Other Councillors' expenses (including Mayor)	<b>247</b>	227
<b>Total</b>	<b>919</b>	<b>884</b>

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### F2 Other relationships

#### F2-1 Audit fees

<u>\$ '000</u>	<u>2024</u>	<u>2023</u>
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms.

#### **Auditors of the Council - NSW Auditor-General:**

Audit and review of financial statements	<u>331</u>	<u>308</u>
<b>Remuneration for audit and other assurance services</b>	<b><u>331</u></b>	<b><u>308</u></b>
<b>Total Auditor-General remuneration</b>	<b><u>331</u></b>	<b><u>308</u></b>

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### G Other matters

#### G1-1 Statement of Cash Flows information

##### (a) Reconciliation of Operating Result

\$ '000	2024	2023
<b>Net operating result from Income Statement</b>	<b>147,920</b>	183,199
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	123,938	121,060
(Gain) / loss on disposal of assets	(17,242)	(3,134)
Non-cash capital grants and contributions	(40,999)	(36,027)
Acquisition of heritage floor space rights (via award)	–	(1,038)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	–	(267)
– Investment property	(12,253)	1,198
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	9,552	(22,784)
Increase / (decrease) in provision for impairment of receivables	2,095	695
(Increase) / decrease of inventories	1	3
(Increase) / decrease of other current assets	(1,856)	(1,230)
(Increase) / decrease of contract asset	(191)	3,414
Increase / (decrease) in payables	5,409	9,505
Increase / (decrease) in other accrued expenses payable	1,578	1,923
Increase / (decrease) in other liabilities	(379)	(3,567)
Increase / (decrease) in contract liabilities	(2,151)	(3,297)
Increase / (decrease) in employee benefit provision	4,621	2,888
Increase / (decrease) in other provisions	(5,695)	(4,235)
<b>Net cash flows from operating activities</b>	<b>214,348</b>	<b>248,306</b>

##### (b) Non-cash investing and financing activities

Developer contributions 'in kind'	4,017	33,043
Award of heritage floor space	–	1,038
Other dedications and non-cash contributions	36,982	2,984
<b>Total non-cash investing and financing activities</b>	<b>40,999</b>	<b>37,065</b>

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### G2-1 Commitments

#### Capital commitments (exclusive of GST)

\$ '000	2024	2023
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Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

#### Property, plant and equipment

Buildings	33,431	39,923
Infrastructure – Roads, Bridges, Footways, Kerb and Gutter	100,429	34,080
Open Space	5,473	25,997
Plant and equipment	7,877	8,516
Public Art	1,602	2,164
Stormwater Drainage	5,186	8,747
Other	5,979	6,693
<b>Total commitments</b>	<b>159,977</b>	<b>126,120</b>

#### These expenditures are payable as follows:

Within the next year	115,907	98,357
Later than one year and not later than 5 years	40,729	25,862
Later than 5 years	3,341	1,901
<b>Total payable</b>	<b>159,977</b>	<b>126,120</b>



Council of the City of Sydney

Notes to the Financial Statements

for the year ended 30 June 2024

G3-1 Events occurring after the reporting date

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Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### G4 Changes from prior year statements

#### G4-1 Changes in accounting policy

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Council made no changes to accounting policies during the current reporting period.

#### G4-2 Correction of errors

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Council made no correction of errors during the current reporting period.

#### G4-3 Changes in accounting estimates

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Council made no changes in accounting estimates during the year.

G5 Statement of developer contributions

G5-1 Summary of developer contributions

	at 30/06/2023				as at 30/06/2024				
	Opening Balance	Contributions Received			Interest earned in year	Expenditure/asset received during year	Internal Borrowing to/(from)	Held as restricted asset <sup>6</sup>	Cumulative internal borrowings (owed)/repayable
\$ '000		Cash	Non-cash Land	Non-cash Other					
Community facilities	32	2,941	-	-	-	-	(2,941)	32	16,445
Open space	221	10,173	1,737	-	-	(9,077)	(2,833)	221	(34,017)
Stormwater drainage	2	581	-	2,227	-	-	(581)	2,229	21,496
Traffic and transport	157	2,244	584	756	-	(9,183)	6,355	913	(3,924)
<b>Total section 7.11 revenue under plans<sup>1</sup></b>	<b>413</b>	<b>15,939</b>	<b>2,321</b>	<b>2,983</b>	<b>-</b>	<b>(18,260)</b>	<b>-</b>	<b>3,396</b>	<b>-</b>
Section 7.4 planning agreements - public benefits <sup>2</sup>	87,940	7,059	-	(1,287)	2,223	(24,276)	-	71,660	
Section 7.12 contributions <sup>3</sup>	-	39,545	-	-	-	(39,545)	-	-	
Section 61 contributions <sup>4</sup>	-	607	-	-	-	(607)	-	-	
<b>Total contributions</b>	<b>88,353</b>	<b>63,149</b>	<b>2,321</b>	<b>1,696</b>	<b>2,223</b>	<b>(82,687)</b>	<b>-</b>	<b>75,056</b>	<b>-</b>
<i>Comprising:</i>									
<b>Cash contribution movement</b>	<b>46,739</b>	<b>64,171</b>			<b>2,223</b>	<b>(66,466)</b>	<b>-</b>	<b>46,668</b>	<b>-</b>
Section 7.11	-	15,939			-	(15,939)	-	-	-
Section 7.4	46,739	8,081			2,223	(10,376)	-	46,668	
Section 7.12	-	39,545			-	(39,545)	-	-	
Section 61	-	607			-	(607)	-	-	
<b>Contribution receivable movement</b>	<b>41,614</b>	<b>(1,022)</b>	<b>2,321</b>	<b>1,696</b>		<b>(16,221)</b>	<b>-</b>	<b>28,388</b>	
Section 7.11	413	-	2,321	2,983		(2,321)	-	3,396	
Section 7.4 <sup>5</sup>	41,201	(1,022)	-	(1,287)		(13,900)	-	24,992	
<b>Total contributions</b>	<b>88,353</b>	<b>63,149</b>	<b>2,321</b>	<b>1,696</b>	<b>2,223</b>	<b>(82,687)</b>	<b>-</b>	<b>75,056</b>	<b>-</b>

<sup>1</sup> Section 7.11 of the *Environmental Planning and Assessment Act 1979*. City of Sydney operates one section 7.11 contributions plan (the *City of Sydney Development Contributions Plan 2015*). Under this plan, Council levies contributions towards provision or improvement of amenities or services infrastructure associated with development. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

<sup>2</sup> Section 7.4 of the *Environmental Planning and Assessment Act 1979*.

<sup>3</sup> Section 7.12 of the *Environmental Planning and Assessment Act 1979*. City of Sydney operates one section 7.12 plan (*Central Sydney Development Contributions Plan 2020*).

<sup>4</sup> Section 61 of the *City of Sydney Act 1988*. Residual contributions are received for the *Central Sydney Development Contributions Plan 2013* - this plan was superseded by the section 7.12 plan.

<sup>5</sup> Negative amounts shown for Contributions Received reflect bank guarantees for receivable contributions being drawn down and converted to monetary contributions during the year.

<sup>6</sup> Restricted assets comprise unspent cash contributions and works-in-kind/cash contributions receivable that have been secured by bank guarantee/security deposit.

Notes to the Financial Statements

for the year ended 30 June 2024

G5 Statement of developer contributions

G5–2 Voluntary Planning Agreements

Planning agreements (also commonly referred to as VPAs) are voluntary agreements entered into by Council and a developer to deliver public benefits. These may include the dedication of land to Council, monetary contributions, public infrastructure, community facilities, affordable housing, other material public benefit/s or any combination of these. VPA documents detail the purpose for which monetary contributions are to be utilised. Council monitors receipts and expenditure by purpose, and any funds yet to be expended on nominated works are held as restricted assets.

Summary of VPA monetary contribution expenditure

\$ '000	2024	2023
<b>Monetary contributions expended during year – by purpose</b>		
Business innovation space - fitout works	5,600	1,700
New greenway and public park works, Rosebery	2,192	1,800
New roads, stormwater drainage and facilities in the Green Square Town Centre and Urban Renewal area	1,350	3,789
Public Domain Enhancement in Bridge/Loftus St	1,000	100
Broadway Gateways	170	-
Harbour Walk Public Art Program	50	-
Public Domain Enhancement in vicinity of Ralph St Alexandria	14	-
Rosebery area works	-	361
	<b>10,376</b>	<b>7,750</b>

**Total expenditure - VPA monetary contributions**

Summary of Unspent VPA monetary contributions

\$ '000	2024	2023
<b>Unspent Monetary Contributions (held as restricted cash) – by purpose (as described in the VPA):</b>		
City North public domain masterplan (including public domain in Bridge/Loftus St vicinity)	14,530	14,838
Business innovation space (George St) - fitout works and future operating costs	7,912	13,135
Upgrade of Intersection - Epsom and Link Roads Zetland	7,485	-
Chippendale community facility(s)	4,237	4,035
CBD Laneways (Dalley & Underwood) and surrounding public domain	3,457	3,292
Public domain works - Sydney University to Redfern Station	2,939	2,799
Macquarie Place upgrade	1,471	1,401
New roads infrastructure in the Ashmore precinct, Erskineville	1,291	1,229
Harbour Walk public art program	1,269	1,259
New roads, stormwater drainage and facilities in the Green Square Town Centre and Urban Renewal area	1,264	1,614
Stormwater works - Rushcutters Bay catchment	534	508
Community infrastructure	280	267
New greenway and public park works - Rosebery	-	2,192
Broadway Gateways	-	170
	<b>46,668</b>	<b>46,739</b>

# Council of the City of Sydney

## Notes to the Financial Statements

for the year ended 30 June 2024

### G6 Statement of performance measures

#### G6-1 Statement of performance measures – consolidated results

\$ '000	<b>Amounts 2024</b>	<b>Indicator 2024</b>	<b>Indicators 2023</b>	<b>Indicators 2022</b>	<b>Benchmark</b>
<b>1. Operating performance ratio</b>					
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	<b>3,348</b>	<b>0.45%</b>	4.78%	(4.84)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	<b>747,242</b>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	<b>730,735</b>	<b>84.47%</b>	79.83%	86.47%	> 60.00%
Total continuing operating revenue <sup>1</sup>	<b>865,081</b>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions <sup>3</sup>	<b>852,863</b>	<b>4.92x</b>	4.28x	4.17x	> 1.50x
Current liabilities less specific purpose liabilities <sup>4</sup>	<b>173,353</b>				
<b>4. Debt service cover ratio</b>					
Operating result before capital excluding interest and depreciation/impairment/amortisation	<b>127,502</b>	<b>250.50x</b>	328.85x	177.84x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<b>509</b>				
<b>5. Rates and annual charges outstanding percentage</b>					
Rates and annual charges outstanding	<b>9,063</b>	<b>2.23%</b>	2.00%	1.96%	< 5.00%
Rates and annual charges collectable	<b>406,090</b>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<b>610,735</b>	<b>10.93</b>	12.04	12.48	> 3.00
Monthly payments from cash flow of operating and financing activities	<b>55,891</b>	<b>months</b>	months	months	months

Supplementary ratios for Operating Performance (adjusted for non-recurrent income and expense items) and Current Ratio (adjusted for external restrictions and internal allocations) are included at Note H1-1.

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

(3) Refer Notes C1-1 to C1-7 and C1-11.

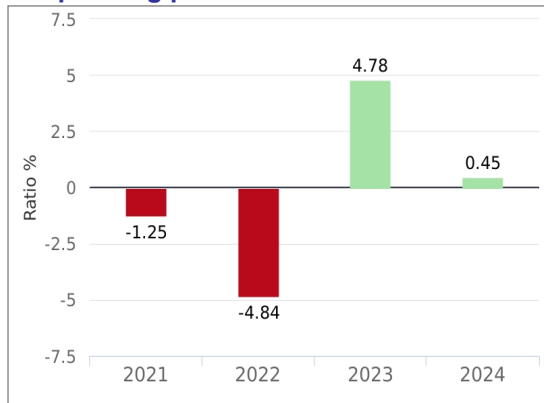
(4) Refer to Notes C2-1 and C3-1 to C3-5.

**END OF AUDITED FINANCIAL STATEMENTS** (Additional (non-audited) disclosure included at H1-1)

H Additional Council disclosures (unaudited)

H1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue, calculated in accordance with OLG Code of Accounting Practice and Financial Reporting guidance.

Commentary on 2023/24 result

2023/24 ratio 0.45%

Ratio result slightly above benchmark. Impacted in 2023/24 due to a significant lift in project costs, associated with the delivery of the City's capital works program but not adding to the enduring benefit of the asset, being classified as operating costs. Projects included large scale public domain works in the CBD and works associated with the delivery of the Green Square Urban Renewal area. If the ratio is adjusted for the large 'one off' capital project related costs the ratio is comfortably above the benchmark

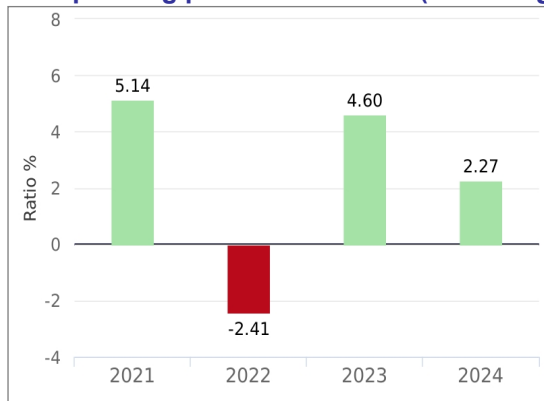
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

1a. Operating performance ratio (excluding non-recurrent income and expense items)



Purpose of 1a. operating performance ratio (excluding non-recurrent income)

This ratio measures Council's achievement of containing operating expenditure within operating revenue, adjusted for material non-recurrent items of income and expenditure in order to reflect underlying operating performance.

Commentary on 2023/24 result

2023/24 ratio 2.27%

Ratio result comfortably exceeded benchmark levels. The alternative ratio result differs from the default Operating Performance ratio for 2023/24 (see ratio 1 above), with operating expense adjustments for a one-off land tax cost and one-off expenses arising from capital construction projects. Above-benchmark performance reflects an improved operating result in 2023/24, driven by a continued improvement in operating and interest income and contained expenditure increases.

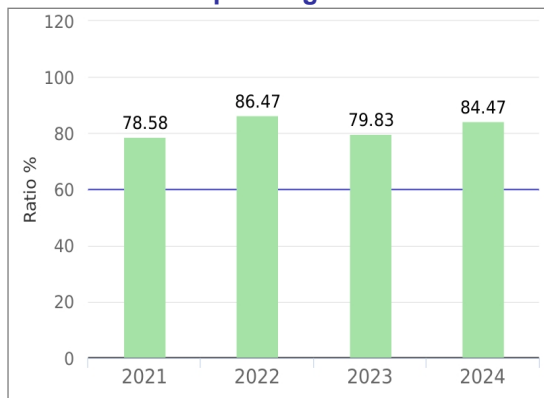
Benchmark: — > 0.00%

Source of benchmark:

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2023/24 result

2023/24 ratio 84.47%

Results reflect a continued high level of own source revenue and perform well above the benchmark. Underlying operating revenues remain largely consistent with (or higher) . However, a decrease in capital income received via developer contributions for 2023/24 relative to 2022/23 meant that 'Own Source' revenue increased as a proportion of Continuing Operating Revenue, compared with the prior year

Benchmark: — > 60.00%

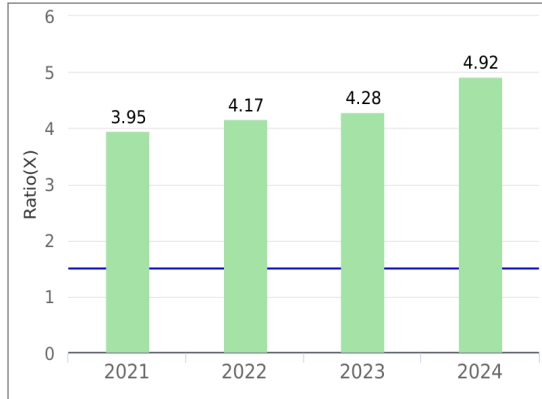
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-1 Statement of performance measures – consolidated results (graphs) (continued)

3. Unrestricted current ratio



Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2023/24 result

2023/24 ratio 4.92x

Council significantly exceeds the ratio benchmark, indicating that short term financial obligations can be met comfortably as they fall due, after excluding externally restricted assets. The anticipated sale of a number of Council operating land and building assets in the next 12 months has resulted in the movement of a significant amount from non current assets to current assets. This has further improved the result for 2023/24 relative to prior years.

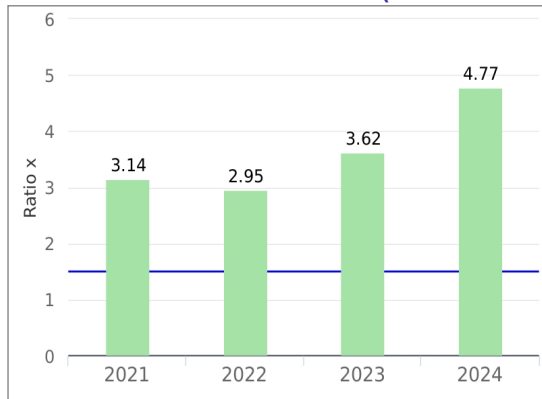
Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3a. Unrestricted current ratio (less internal and external restrictions)



Purpose of 3a. unrestricted current ratio (less internal and external restrictions)

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council, taking into consideration amounts restricted internally by Council.

Commentary on 2023/24 result

2023/24 ratio 4.77x

Incorporating an additional layer of restrictions as endorsed by Council the ratio result indicates that Council is comfortably able to meet its short term financial obligations as they fall due after excluding all external and internal restrictions are excluded. Performance trends substantially reflect ratio 3 above.

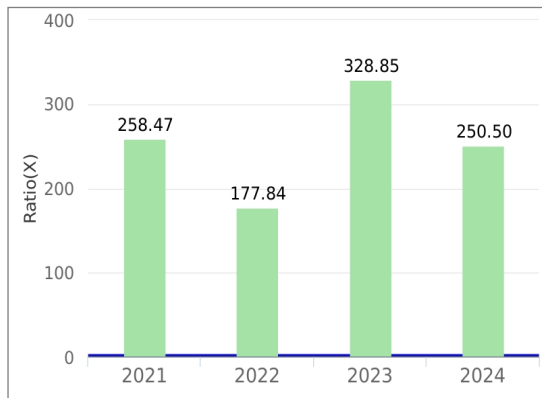
Benchmark: — > 1.50x

Source of benchmark:

Ratio achieves benchmark

Ratio is outside benchmark

4. Debt service cover ratio



Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2023/24 result

2023/24 ratio 250.50x

Council has remained debt-free for more than 20 years. The ratio result since 2019/20 reflects the implicit interest recognised in relation to a property lease, recognised in accordance with accounting standard AASB 16. The substantially above-benchmark result reflects the immaterial scale of this notional interest expense.

Benchmark: — > 2.00x

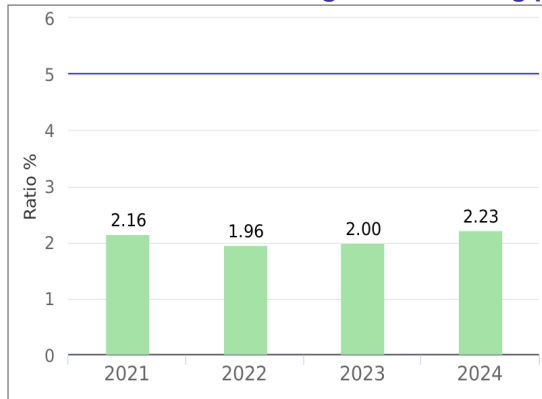
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

H1-1 Statement of performance measures – consolidated results (graphs) (continued)

5. Rates and annual charges outstanding percentage



**Purpose of rates and annual charges outstanding percentage**

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

**Commentary on 2023/24 result**

2023/24 ratio 2.23%

The ratio remains well below the maximum OLG benchmark of 5% for metropolitan councils. Despite the lingering financial pressures associated with the Covid-19 pandemic affecting the capacity of some ratepayers to meet instalment payments, Council has maintained outstanding rates and annual charges balances at a level favourable to benchmark.

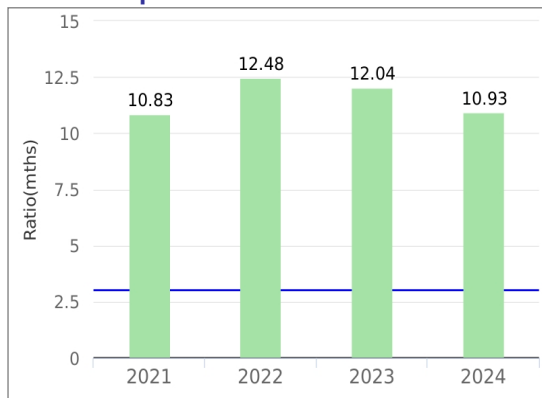
Benchmark: — < 5.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



**Purpose of cash expense cover ratio**

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

**Commentary on 2023/24 result**

2023/24 ratio 10.93 months

Council's conservative approach to financial investments, focusing on shorter term investing and limited Floating Rate Note (FRN) investments being offered to the market has resulted in a greater proportion of Council's investments being held in term deposits, which improves this ratio result. Investment holdings largely stabilised in 2023/24 however monthly expenditure increased by approximately 14% moderating the result of this ratio. This expenditure was reflected in higher operational and capital works expenditure in 2023/24.

Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark



Council of the City of Sydney

General Purpose Financial Statements

for the year ended 30 June 2024

Independent Auditor's Reports:

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**Independent Auditor's Report**

To be provided by Council's auditor, following adoption of these financial statements.



# Special Purpose Financial Statements

Annual Report  
2023/24

The City of Sydney acknowledges the Gadigal of the Eora Nation as the Traditional Custodians of our local area.

**CITY OF SYDNEY** 

# Council of the City of Sydney

## Special Purpose Financial Statements

for the year ended 30 June 2024

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### Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

# Council of the City of Sydney

## Special Purpose Financial Statements

for the year ended 30 June 2024

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### Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

**The attached Special Purpose Financial Statements have been prepared in accordance with:**

- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the Division of Local Government Guidelines '*Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*',
- the Local Government *Code of Accounting Practice and Financial Reporting*,

**To the best of our knowledge and belief, these statements:**

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

**We are not aware of any matter that would render these statements false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 28 October 2024.**

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Clover Moore

**Lord Mayor**

28 October 2024

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**Councillor**

28 October 2024

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Monica Barone

**Chief Executive Officer**

28 October 2024

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Scott McGill

**Responsible Accounting Officer**

28 October 2024

# Council of the City of Sydney

## Income Statement of Parking Stations

for the year ended 30 June 2024

<b>\$ '000</b>	<b>2024</b> <b>Category 1</b>	<b>2023</b> <b>Category 1</b>
<b>Income from continuing operations</b>		
User charges	10,695	10,137
Other income	17	18
<b>Total income from continuing operations</b>	<b>10,712</b>	<b>10,155</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	221	194
Materials and services	1,925	1,931
Depreciation, amortisation and impairment	1,169	1,132
Calculated taxation equivalents	126	130
Other expenses	3,747	1,278
<b>Total expenses from continuing operations</b>	<b>7,188</b>	<b>4,665</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>3,524</b>	<b>5,490</b>
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>3,524</b>	<b>5,490</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>3,524</b>	<b>5,490</b>
Less: corporate taxation equivalent (25%) [based on result before capital]	(881)	(1,373)
<b>Surplus (deficit) after tax</b>	<b>2,643</b>	<b>4,117</b>
<b>Plus accumulated surplus</b>	<b>108,074</b>	<b>102,454</b>
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	126	130
– Corporate taxation equivalent	881	1,373
<b>Closing accumulated surplus</b>	<b>111,724</b>	<b>108,074</b>
<b>Return on capital %</b>	<b>3.1%</b>	<b>5.0%</b>

# Council of the City of Sydney

## Statement of Financial Position of Parking Stations

as at 30 June 2024

<b>\$ '000</b>	<b>2024</b> <b>Category 1</b>	<b>2023</b> <b>Category 1</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Receivables	210	137
Other	2	–
<b>Total current assets</b>	<b>212</b>	<b>137</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	114,902	108,887
Inter-Entity Debtor	107,036	100,240
<b>Total non-current assets</b>	<b>221,938</b>	<b>209,127</b>
<b>Total assets</b>	<b>222,150</b>	<b>209,264</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	690	744
Employee benefit provisions	71	65
Provision other	2,100	–
<b>Total current liabilities</b>	<b>2,861</b>	<b>809</b>
<b>Non-current liabilities</b>		
Employee benefit provisions	20	19
<b>Total non-current liabilities</b>	<b>20</b>	<b>19</b>
<b>Total liabilities</b>	<b>2,881</b>	<b>828</b>
<b>Net assets</b>	<b>219,269</b>	<b>208,436</b>
<b>EQUITY</b>		
Accumulated surplus	111,724	108,074
Revaluation reserves	107,545	100,362
<b>Total equity</b>	<b>219,269</b>	<b>208,436</b>

# Council of the City of Sydney

## Material accounting policy information

for the year ended 30 June 2024

### Note – Material accounting policy information

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A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993 (Act)*, the *Local Government (General) Regulation 2022 (Regulation)* and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

#### Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

##### Category 1 - business activities with gross operating turnover more than \$2 million

**Parking Stations** - Operation of the Goulburn Street and Kings Cross Parking Stations

#### Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs. However, where Council does not pay some taxes, which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in special purpose financial statements. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

##### Notional rate applied (%)

Corporate income tax rate – **25%** (LY 25%)

Land tax – the first \$1,075,000 of combined land values attracts **0%**. For the combined land values in excess of \$1,075,000 up to \$6,571,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$6,571,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$1,200,000.

# Council of the City of Sydney

## Material accounting policy information

for the year ended 30 June 2024

### Note – Material accounting policy information (continued)

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#### Income tax

An income tax equivalent has been applied on the profits of the business activities. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (LY 25%)

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional – that is, it is payable to Council as the ‘owner’ of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 25% is the equivalent company tax rate prevalent at reporting date.

#### Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

#### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face ‘true’ commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council’s borrowing rate for its business activities.

#### (i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

#### (ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses ‘would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field’.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council’s business activities on the Income Statement.

The rate of return is calculated as follows:

**Operating result before capital income + interest expense**

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**Written down value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.30% at 30/6/24.

#### (iii) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

**END OF AUDITED FINANCIAL STATEMENTS**



Council of the City of Sydney

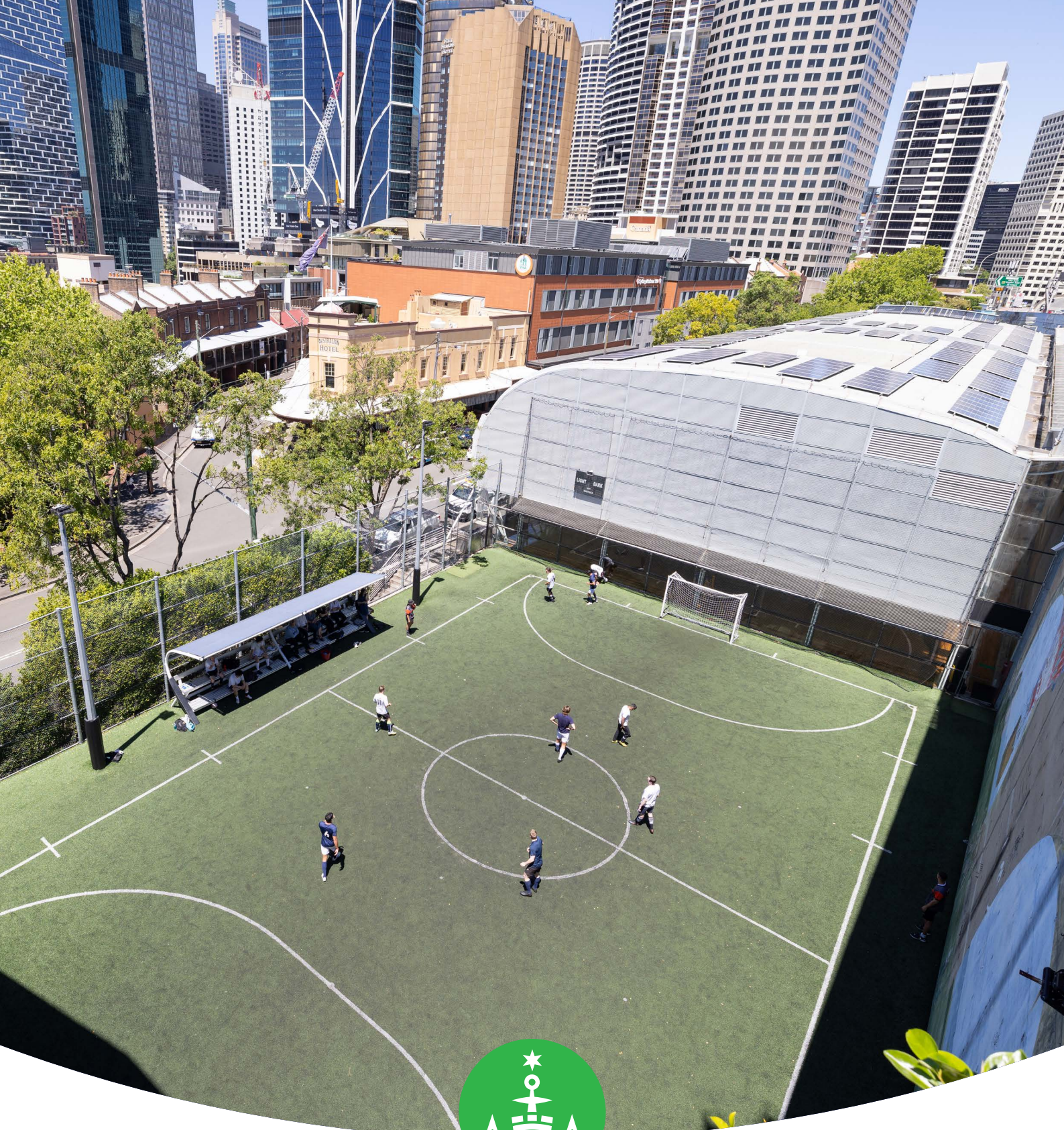
Special Purpose Financial Statements

for the year ended 30 June 2024

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**Independent Auditor's Report**

To be provided by Council's auditor, following adoption of these financial statements.



# Special Schedules

Annual Report  
2023/24

The City of Sydney acknowledges the Gadigal of the Eora Nation as the Traditional Custodians of our local area.

**CITY OF SYDNEY** 

# Council of the City of Sydney

## Special Schedules

for the year ended 30 June 2024

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#### **Special Schedules:**

Permissible income for general rates 3

Report on infrastructure assets as at 30 June 2024 4

# Council of the City of Sydney

## Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	326,477	340,889
Plus or minus adjustments <sup>2</sup>	b	1,217	(1,390)
<b>Notional general income</b>	c = a + b	<b>327,694</b>	<b>339,499</b>
<b>Permissible income calculation</b>			
Percentage increase	d	3.83%	5.10%
Plus percentage increase amount <sup>3</sup>	e = d x c	12,551	17,314
<b>Sub-total</b>	f = (c + e)	<b>340,245</b>	<b>356,813</b>
Plus (or minus) last year's carry forward total	g	679	35
<b>Sub-total</b>	h=g	<b>679</b>	<b>35</b>
<b>Total permissible income</b>	i= (f + h)	<b>340,924</b>	<b>356,848</b>
Less notional general income yield	j	340,889	357,082
Plus one-off catch-up of previous years' shortfall	k	–	234
<b>Catch-up or (excess) result</b>	l = (i - j + k)	<b>35</b>	<b>–</b>
<b>Carry forward to next year <sup>4</sup></b>		<b>35</b>	<b>–</b>

The Council has the accumulated balance of \$446,008 from the previous year shortfall in the general income. This can be used as a one-off catch-up in the future years under section 511 of the Local Government Act 1993.

### Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).
- (4) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

# Council of the City of Sydney

## Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost		2023/24 Required maintenance <sup>c</sup>	2023/24 Actual maintenance <sup>c</sup>	Net carrying amount <sup>d</sup>	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
		Estimated cost to bring assets to satisfactory standard <sup>a</sup>	to bring to the agreed level of service set by Council <sup>b</sup>					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
<b>Buildings</b>	Buildings – non-specialised	25,138	40,790	49,152	46,890	1,852,288	2,497,310	6.8%	50.8%	35.5%	4.9%	2.1%	
	Buildings – specialised <sup>e</sup>	6,779	7,719	2,932	3,117	43,393	71,455	12.5%	36.5%	19.6%	5.2%	26.2%	
	<b>Sub-total</b>	<b>31,917</b>	<b>48,509</b>	<b>52,084</b>	<b>50,007</b>	<b>1,895,681</b>	<b>2,568,765</b>	<b>6.9%</b>	<b>50.4%</b>	<b>35.0%</b>	<b>4.9%</b>	<b>2.8%</b>	
<b>Roads</b>	Sealed roads – surface	5,521	4,592	3,598	4,676	168,484	289,836	9.6%	58.1%	27.6%	4.3%	0.5%	
	Sealed roads – structure	2,446	2,446	194	252	629,047	730,043	39.8%	42.4%	14.7%	2.1%	0.9%	
	Bridges	1,090	480	1,376	1,788	73,514	104,136	34.8%	39.9%	23.8%	1.6%	0.0%	
	Footpaths	12,394	4,960	5,489	7,135	468,101	792,444	20.1%	37.5%	40.6%	1.8%	0.0%	
	Kerb and gutter	10,418	9,960	162	210	200,725	452,777	7.0%	42.4%	43.2%	7.0%	0.4%	
	Other road infrastructure assets <sup>f</sup>	1,665	1,351	107	139	54,640	93,469	20.2%	55.8%	18.8%	0.9%	4.3%	
	<b>Sub-total</b>	<b>33,534</b>	<b>23,789</b>	<b>10,926</b>	<b>14,200</b>	<b>1,594,511</b>	<b>2,462,705</b>	<b>22.9%</b>	<b>43.1%</b>	<b>30.3%</b>	<b>3.1%</b>	<b>0.6%</b>	
<b>Stormwater drainage</b>	Stormwater drainage	5,401	5,401	3,138	1,701	382,383	549,168	24.1%	63.5%	8.5%	2.5%	1.4%	
	<b>Sub-total</b>	<b>5,401</b>	<b>5,401</b>	<b>3,138</b>	<b>1,701</b>	<b>382,383</b>	<b>549,168</b>	<b>24.1%</b>	<b>63.5%</b>	<b>8.5%</b>	<b>2.5%</b>	<b>1.4%</b>	
<b>Open space / recreational assets</b>	Open Space Assets	19,539	36,179	22,215	23,036	359,631	871,271	11.7%	20.4%	59.1%	7.5%	1.4%	
	<b>Sub-total</b>	<b>19,539</b>	<b>36,179</b>	<b>22,215</b>	<b>23,036</b>	<b>359,632</b>	<b>871,271</b>	<b>11.7%</b>	<b>20.4%</b>	<b>59.1%</b>	<b>7.5%</b>	<b>1.3%</b>	
<b>Total – all assets</b>		<b>90,391</b>	<b>113,878</b>	<b>88,363</b>	<b>88,944</b>	<b>4,232,207</b>	<b>6,451,909</b>	<b>15.1%</b>	<b>44.6%</b>	<b>34.2%</b>	<b>4.4%</b>	<b>1.7%</b>	

# Council of the City of Sydney

## Report on infrastructure assets as at 30 June 2024 (continued)

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### Notes:

a **Estimated Cost to Bring To Satisfactory Standard** per Office of Local Government Requirements, reflects the estimated cost to restore all Council assets to condition '3' or better. These cost (and asset condition) assessments remain highly subjective, as in previous years

b **Estimated Cost to Bring to the Agreed Level of Service Set by Council** reflects the estimated cost to restore all assets assessed to be at a condition beneath Council's minimum service levels. These standards (i.e. target conditions) are detailed in Council's Asset Management Strategy, and reflect the strategy of maximising the consumption of assets' service potential before renewal works are undertaken.

c Maintenance costs, per Office of Local Government Requirements, include both maintenance and (appropriate) operational costs  
*Required* maintenance reflects amounts identified within Asset Management Plans for the respective classes, and equivalent expenditure types are included within the 'Actual' column.

d Carrying Value reflects the asset value by class, per Note C1-8 of the General Purpose Financial Statements.

e The proportion of Specialised Buildings assessed as condition 5 is distorted by the inclusion of the Sydney Park Brick Kilns, assessed to be in a "poor" condition. This asset represents a disproportionate share of the small 'Specialised Buildings' class.

f 'Other' infrastructure includes street furniture and traffic facilities (e.g. traffic islands, median strips, thresholds)

### Infrastructure asset condition assessment 'key'

1	<b>Excellent/very good</b>	No work required (normal maintenance)
2	<b>Good</b>	Only minor maintenance work required
3	<b>Satisfactory</b>	Maintenance work required
4	<b>Poor</b>	Renewal required
5	<b>Very poor</b>	Urgent renewal/upgrading required

# Council of the City of Sydney

## Report on infrastructure assets as at 30 June 2024

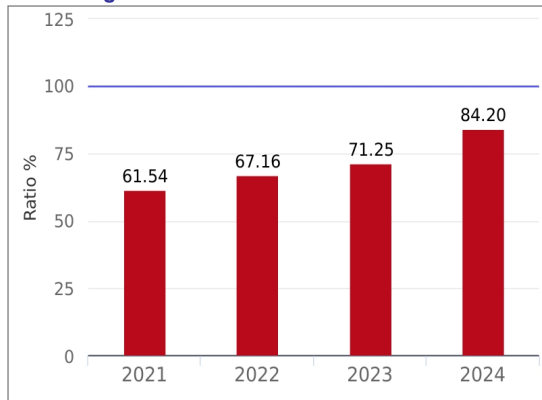
### Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2024	Indicator 2024	Indicators		Benchmark
			2023	2022	
<b>1. Buildings and infrastructure renewals ratio</b>					
Asset renewals <sup>1</sup>	<b>79,640</b>	<b>84.20%</b>	71.25%	67.16%	> 100.00%
Depreciation, amortisation and impairment	<b>94,589</b>				
<b>1a. Buildings and infrastructure renewals ratio (alternate) <sup>1</sup></b>					
Asset renewals	<b>79,640</b>	<b>103.97%</b>	88.00%	75.45%	> 100.00%
Required asset renewal (per adopted asset management strategy)	<b>76,600</b>				
<b>2. Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<b>90,391</b>	<b>2.03%</b>	1.93%	2.00%	< 2.00%
Net carrying amount of infrastructure assets	<b>4,447,975</b>				
<b>3. Asset maintenance ratio</b>					
Actual asset maintenance	<b>88,944</b>	<b>100.66%</b>	104.33%	97.24%	> 100.00%
Required asset maintenance	<b>88,363</b>				
<b>4. Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>113,878</b>	<b>1.77%</b>	1.82%	1.74%	
Gross replacement cost	<b>6,451,909</b>				

(\*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

**1. Buildings and infrastructure renewals ratio**



**Purpose of buildings and infrastructure renewals ratio**

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

**Commentary on 2023/24 result**

**2023/24 ratio 84.20%**

Ratio performance continued an improving trend in 2023/24, with asset renewal delivery rates increasing compared to prior years. Required asset revaluations continue to result in increasing depreciation, which has seen year on year increases in the ratio denominator of 5-10% for the years shown.

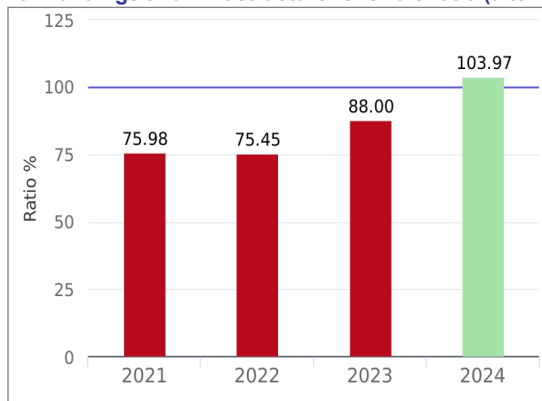
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

**1a. Buildings and infrastructure renewals ratio (alternate)**



**Purpose of 1a. buildings and infrastructure renewals ratio (alternate)**

To assess the rate at which these assets are being renewed relative to the required level of renewal identified in Council's Asset Management Plan.

**Commentary on 2023/24 result**

**2023/24 ratio 103.97%**

The alternate required renewal levels reflect projections included in the Asset Management Plan (part of the Resourcing Strategy). On this enhanced indicator, Council's renewal expenditure exceeded the annual 'required' level for 2023/24. Performance trends for the alternative ration reflect ratio 1 above, as a result of improved capital renewal works delivery over time.

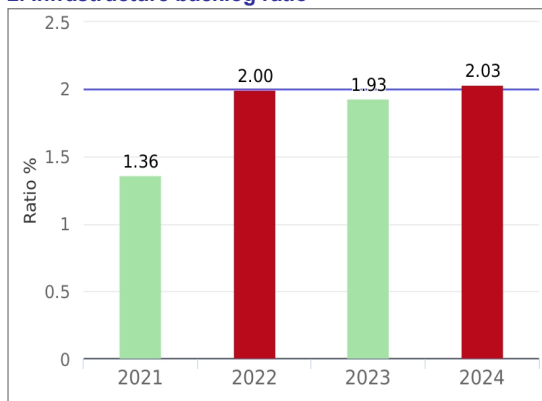
Benchmark: — > 100.00%

Source of benchmark:

Ratio achieves benchmark

Ratio is outside benchmark

**2. Infrastructure backlog ratio**



**Purpose of infrastructure backlog ratio**

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

**Commentary on 2023/24 result**

**2023/24 ratio 2.03%**

Ratio performance declined slightly, largely reflecting cost pressures on estimated renewal costs, but remains within a reasonable margin of the benchmark level. Improvements to asset condition data are ongoing. Effective utilisation of asset service potential remains a priority and renewal works are targeted to maximise asset life. Note that the carrying value of assets (denominator) includes capital work in progress.

Benchmark: — < 2.00%

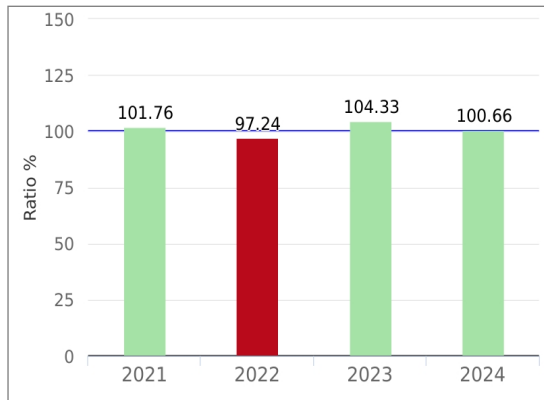
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark



**3. Asset maintenance ratio**



**Purpose of asset maintenance ratio**

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

**Commentary on 2023/24 result**

**2023/24 ratio 100.66%**

Council's performance ratio result is slightly ahead of benchmark. A ratio result consistently and significantly in excess of 100% would represent potential over-servicing of assets. While still meeting the benchmark target, the marginal decline in ratio performance for 2023/24 is consistent with improved renewal performance.

Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

**4. Cost to bring assets to agreed service level**



**Purpose of cost to bring assets to agreed service level**

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

**Commentary on 2023/24 result**

**2023/24 ratio 1.77%**

Council has met the benchmark for this ratio for all years shown. This ratio is considered to be more reflective of Council's infrastructure 'backlog', particularly due to the use of gross replacement cost in calculation. Ratio performance remains largely stable. Agreed service levels reflect appropriate minimum asset condition intervention points determined by Council's asset managers.