



**DRAFT / CONFIDENTIAL**  
July 2022

# Long Term Financial Plan 2022/23 to 2031/32

We acknowledge the Gadigal of the Eora Nation  
as the Traditional Custodians of our local area.

**CITY OF SYDNEY** 

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# Introduction

## Background

A long term financial plan is a key Resourcing Strategy document required under the NSW Integrated Planning & Reporting framework.

The City of Sydney's Long Term Financial Plan recognises its current and future financial capacity to continue delivering high quality services, facilities and infrastructure to the community while undertaking the initiatives and projects that will contribute toward the goals set down in its Community Strategic Plan, Delivering Sustainable Sydney 2030-2050.

Local government operations are vital to the community, and it is important for stakeholders to have the opportunity to understand the financial implications arising from its Community Strategic Plan, Delivery Program and annual Operational Plan, and be assured

that these plans are financially achievable and sustainable. The City of Sydney also elects to add an Information and Technology Strategic Plan, recognising it as a key enabler of business efficiency and effectiveness, and of community information and interaction.

This financial plan provides a ten year overview of the City's projected annual income and expenditure, capital works and asset delivery, acquisitions and disposals of property and the resultant projected cashflows.

The financial plan highlights the impact of the City delivering infrastructure and facilities associated with the Green Square Urban Renewal project along with numerous other major initiatives detailed in this plan, whilst continuing to undertake the maintenance and renewal works required to sustain existing infrastructure and facilities at a satisfactory standard, befitting a global city.

Image 1: *Pedestrians, light rail and flowers on George Street, February 2022*





Image 2: *Bushfire smoke smothered the city, setting off fire alarms, suspending ferry services and triggering health warnings over choking air pollution*

The City of Sydney Council declared a climate emergency in June 2019, stating that climate change poses a serious risk to the people of Sydney. Addressing the challenges of climate change continues to be incorporated into strategic decision making at the City. A new Environmental Strategy 2021-2025 was published on 27 July 2021.

The Long Term Financial Plan demonstrates that the City has the financial capacity to progress these and other significant initiatives, and provides an ongoing prudent financial budgeting framework to facilitate future decision-making, ensuring that the City is well-placed to pursue strategic goals without risking the long term financial sustainability of its operations.

This latest iteration of the Long Term Financial Plan is predicated on the Minister's approval of IPART's recommended Additional Special Variation to rates income.

Two additional scenarios to the 'base' case have been added, modelling the impacts of:

1. The Minister - on the recommendation of IPART - not approving the Additional Special Variation to rates income in line with the City's expectations (scenarios 1a and 1b)
2. Delayed Covid-19 recovery impacting income from commercial property, advertising and venue and facility hire, as well as associated impacts on investment revenue (scenario 2)

The scenarios reflect unfavourable outcomes for the City of Sydney. Details on each case are included in the plan below and additional financial schedules are also included.

Projecting over the ten year timeframe of this Financial Plan necessitates the use of a variety of underlying assumptions. The Long Term Financial Plan will therefore be closely monitored, and regularly revised, to reflect changing circumstances.

# Current Financial State and Key Risks

The goals and objectives set out in the Community Strategic Plan form the basis for this plan. The City's recent strong financial position has been built upon a diverse income base, significant business rate income and its commitment to control and deliver services, facilities and infrastructure that are both effective and efficient.

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## Ongoing impacts of the pandemic

The Covid-19 pandemic has had devastating and prolonged impact on our communities. Sectors such as the arts, accommodation and food services, recreation services, education services, professional services and retail trade are more adversely impacted. The City, its businesses and residents continue to try and recover from the ongoing health, financial and

economic impact pandemic into 2022/23. Higher operating costs such as increased cleansing and maintenance programs, coupled with substantially reduced revenue have posed a significant risk to the City's budget bottom line. As the world continues to react and adapt to the pandemic, the City has experienced stark changes to visitor numbers. The long term impact of the pandemic remains uncertain.

The City's strong financial management over past years has provided the organisation some capacity to remain resilient to short term disruption, whilst enabling ongoing transformation of the urban environment to meet the needs of residents and workers alike. The City developed its Community Strategic Plan on the basis of extensive community consultation and engagement.

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Image 3: *Empty streets in Sydney's city centre during the Covid-19 pandemic*



The actions of turning Sustainable Sydney 2030-2050 Continuing the Vision into a reality are well advanced, with a review of the Community Strategic Plan underway, currently on public exhibition, that will incorporate objectives to a 2050 horizon.

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### IPART review of rates peg

The rates peg is the annual allowable increase to a Council's general income in a given financial year, which is dictated by the Independent Pricing and Regulatory Tribunal (IPART). IPART implemented changes to the calculation of the rates peg in 2022 by introducing a population growth factor that intends to allow councils' annual general income to increase in line with its growth in population.

Whilst this was widely welcomed as a positive reform across the sector, the other fundamental component of the rates peg is the Local Government Cost Index (LGCI) which was 0.7% for 2022/23 – the lowest on record since IPART took on responsibility for setting the annual rate peg.

The City of Sydney also received a population factor increase of 0.7 per cent, resulting in a total rate peg increase for 2022/23 of just 1.4 per cent. This level of increase does not reflect the City's recent experience of rising labour, materials, contracts and service costs. Inflation for the most recent twelve months, as measured by the ABS's Consumer Price Index (CPI) was 5.1% (Sydney CPI was 4.4%)

The Minister for Local Government subsequently recognised the inadequacy of both the level of the 2022/23 rate peg, and its underlying calculation methodology. The Minister announced on 7 March 2022 an additional special rates variation (ASV) mechanism for the 2022/23 financial year. It is designed to support councils that had budgeted for a larger rates income increase than that allowed by the published rate peg for 2022/23. Under this mechanism a maximum of 2.5% has been set. Councils that can demonstrate the need for a rates increases greater than the underlying 0.7% in order to meet the obligations they set for 2022/23 in their adopted 2021/22 Integrated Planning and Reporting (IPR) documentation may be granted a maximum 2.5% (including any population adjustment)

increase either for 2022/23 only or on a permanent basis depending on demonstrated need over the next 5 years.

In response, Council resolved in April 2022 to seek an ASV from IPART for 2022/23 which if successful will deliver an overall permanent 2.5% rates increase. This would align with the level included in the City's current adopted Long Term Financial Plan. The final determination on the ASV will be delivered by IPART by June 21, 2022.

The main financial schedules presented as part of the Long Term Financial Plan included in the Resourcing Strategy, assume that the City will be granted a permanent overall increase of 2.5%. Note that additional financial schedules are presented that include a additional scenario showing the impact of a one-off increase of 2.5% for 2022/23 only thereby missing the compounding effect on a permanent increase. Another additional scenario shows the impact if rates were only to increase 1.4% for 2022/23.

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### Financial Sustainability

The City supports the definition of financial sustainability set out in the TCorp report *Financial Sustainability of the New South Wales Local Government Sector* and reiterated in the Independent Pricing and Review Tribunal (IPART) methodology that:

**“A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community”.**

## Long Term Financial Plan 2022/23 to 2031/32

The key principles driving the City's long term planning include:

1. The Community Strategic Plan, Delivering on Sustainable Sydney 2030-2050 will continue to guide City of Sydney action, with annual reviews of progress and priorities as part of our annual Integrated Planning and Reporting process.
2. Diverse and innovative public engagement processes will help us understand the needs and expectations of our residents, businesses, workers, students and visitors.
3. Effective internal governance arrangements will help deliver current and new projects and programs to meet the needs and outcomes agreed with our communities.
4. Agreed targets and outcomes incorporated into the City's annual planning and budgeting processes.
5. Long-term financial planning will manage operating costs to deliver operating surpluses to fund infrastructure and facilities.
6. A People Strategy to foster a "People First" culture, reset our ways of working, and evolve our value proposition to attract highly skilled, diverse and ethical staff.
7. Infrastructure and asset maintenance monitored on a targeted basis to maximise renewal levels without over-servicing.
8. Policies and procedures regularly reviewed to improve the City's approach and respond to emerging needs and community expectations.
9. Regional, national and international engagement and partnerships to increase the City's influence, scope and capacity.
10. Regular assessment of funding projections to determine appropriateness of debt to meet the need for future infrastructure.

The City continues to progress the formal transfer of certain land parcels controlled by the NSW Department of Planning, Industry, and Environment. Further parcels of land currently under the control of Property NSW are the subject of ongoing discussions regarding future transfer to the City.

From 1 July 2018, the *Crown Land Management Act (2016)* introduced changes to

the management of Crown land by councils. Specifically, councils are required to manage their dedicated or reserved land as if it were public land under the *Local Government Act 1993*.

Apart from land already dedicated to the City, the Long Term Financial Plan does not include provision for owning, controlling, maintaining or operating assets currently controlled by NSW or Federal Government entities. No future amalgamations or boundary changes have been anticipated or modelled in this plan.

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## Economic conditions

Key economic conditions are a significant external impact to the City's financial position, with key influences including:

- Consumer Price Index (CPI) for Sydney
- Escalating construction costs
- Property market performance,
- Local Government Cost Index (LGCI), a key determinant in "pegged" rates increases
- Ongoing economic impacts associated with the Covid-19 pandemic
- Declining revenue from Federal Financial Assistance Grants in real terms
- Urban Renewal and development trends (as driven by property market performance)
- Employment market trends
- The state of financial markets (including official interest rates)

### High inflationary pressures

Global events including conflict in Europe and the pandemic-driven supply chain disruptions are creating a high inflationary economic environment. This is evident in recent publications by the Australian Bureau of Statistics (ABS) on [Consumer Price Index in Sydney](#) and the costs of construction under the national [Producer Price Index](#).

Fluctuations in inflation rates over time impact upon both income and expenditure. To reflect current economic conditions appropriately, and to safeguard against the risk of detrimental fluctuations in the CPI in the medium to long term, the City applies an inflationary factor of 2%, escalating to 3% in the later years of the Long Term Financial Plan.



Image 4: *Sydney skyline in evening*

### Other economic assumptions in the plan

Inner-Sydney commercial property market uncertainty, following a period of unprecedented and sustained growth, has been exacerbated by the Covid-19 pandemic. Aside from influencing the performance of the City's substantial commercial property holdings, the state of the property market will also directly impact the City's ability to acquire and divest property holdings. Broadly, the demographic characteristics of the city are directly impacted by prevailing property market trends.

The rate of wages growth is a significant issue for the City in managing its underlying operating expenditure over a ten year timeframe, as employee costs currently represent approximately half of the City's total operating expenditure.

Interest rates remain at historical lows, with the official cash rate at 0.1 per cent (at the time of writing). While it is anticipated that the Reserve Bank of Australia will raise interest rates in the near future, the maturity profile of the City's investment portfolio may result in a lag before higher returns are realised and are expected remain lower than long term averages.

Although the City's portfolio of financial investments has historically outperformed industry benchmarks, the restrictive scope for investment (per Ministerial Order) and suppressed market conditions place this performance at risk; this plan reflects conservative investment return assumptions in the medium to long term. Further, the financial position of the City is affected through adjustments to provisions, in part determined by reference to long term bond rates, and fixed asset revaluations.

Other significant financial risks in asset management and service planning together with ongoing review of contracts and services include:

- increased levels of service expected by the community and other stakeholders
- new services expected to be delivered by local government and potential government cost-shifting
- additional asset maintenance costs (new parks, roads, cycleways, facilities etc);
- limited competitive supply for some specific service areas.



## Long Term Financial Plan 2022/23 to 2031/32

The City adopts conservative assumptions in financial projections, to mitigate the risk of economic fluctuations adversely affecting financial sustainability. The assumed escalation rates for both income and expenditure are regularly reviewed and updated as appropriate.

significant alternative income streams to supplement a substantial rating base. As detailed in this Plan, despite significant impacts in the short term, operating surpluses are anticipated to recover and continue to underpin the delivery of the City's capital program in the long term.

### Current Financial Position – City of Sydney

Since the amalgamation of the (former) South Sydney City Council, parts of Leichhardt City Council and the City of Sydney in 2004, the City's has delivered consistently strong operating performance results, which have enabled the City to accumulate significant cash reserves, and to internally fund its capital works program. The City's closing cash and investments balance at 2020/21 was \$655.3M, with \$382.1 of this total restricted for specific purposes.

The City of Sydney entered the 2021/22 financial year in a strong financial position due to more than a decade of stable progressive government, professional corporate administration, a policy commitment to prudent financial management, and strategically sound investments. The City has long sustained a strong liquidity position, along with diversity in

**Figure 1: Balance sheet summary**

<b>Book Value of Assets</b>	<b>\$12.73B</b>
<i>(including):</i>	
Land	\$7.06B
Buildings	\$1.59B
Roads Infrastructure	\$1.29B
Stormwater Drainage	\$0.30B
Parks	\$0.28B
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<b>Cash &amp; Investments</b>	<b>\$655.3M</b>
<b>Unrestricted Balance</b>	<b>\$273.2M</b>
<i>(at 30 June 2021)</i>	
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<b>Operating Result *</b>	
2020/21	\$124.9M
2021/22 (Forecast)	\$75.9M
* Excludes Capital Income, Interest, Depreciation, and initial recognition of Heritage floor space	



## Long Term Financial Plan 2022/23 to 2031/32

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Image 5: *Red poppy flowers in the Royal Botanic Gardens*

# Financial Principles and Assumptions

The City of Sydney remains committed to operating within a financially sustainable framework, to ensure that its community and other stakeholders can rely upon the ongoing provision of a full and diverse range of high-quality community services, facilities, and infrastructure.

The City plans to maintain its financial position and performance, to ensure resilience and maintain capacity to adapt and respond to emerging community needs in a measured and equitable manner.

Key principles employed in the financial planning and modelling process:

- Financially sustainable
- Maintain diversity of income sources
- Generate significant operating surpluses
- Maintain tight control over expenditure and staff numbers
- Deliver best value services, facilities and infrastructure
- Effective and efficient utilisation of funding sources to fund capital works and asset acquisitions
- Prudent financial investment
- Consider appropriate use of debt, internal borrowing and private financing arrangements

The Long Term Financial Plan continues the City's commitment to maintain tight control over its financial position and performance, an achievement that has been continually demonstrated through strong operating results. The funds generated from operations are used to commence new initiatives and programs, and to fund delivery of the City's extensive capital program, however, the suitability of utilising debt and/or private financing will be considered, for appropriate initiatives and projects.



Image 6: *Workers enjoy a coffee break in the city centre*

The Operational Plan and forward projections have been set to continue the City's high standards of service and to adequately allow for all known and anticipated changes over the coming ten year period. Unexpected cost pressures will always arise (as evidenced by the Covid-19 pandemic), along with increasing service demands. However, in responding to these challenges, the City will continue to underpin its quality services with a value for money approach through competitive procurement processes, internal controls and the completion of business improvement programs incorporating customer feedback to ensure effectiveness and efficiency.

For the "base case" of the long term financial model, income and expenditure projections are conservatively modelled on the upper end of the Reserve Bank targeted range of inflation. Elements of income and expenditure that are subject to wider fluctuation have been modelled accordingly (refer Assumptions below).

As noted above, the annual operational budget plans for significant operating surpluses, which, combined with the City's interest earnings and capital contributions, provide funding for



Image 7: *Geddes Ave cycleway*

ongoing capital works projects and programs that are designed and constructed to provide the City's world class facilities.

The City will continue to prudently manage its cash reserves and investments, to ensure that appropriate financial reserves are available to meet the City's liabilities and commitments as they fall due, and manage cash flow demands to ensure responsible financial management control. While externally restricted reserves will be maintained in accordance with legislative requirements, a number of internally restricted reserves are used to ensure that funds are set aside to directly support priority initiatives and projects in the Community Strategic Plan.

Both internal and external reserves are summarised in the *Financial Forecasts - Capital and Assets* section of this Plan.

The City closely monitors its financial performance and publishes several key financial indicators within its quarterly budget review statements to demonstrate its financial health and sustainability.

## Assumptions

The major assumptions for this plan, including the impact on the Asset Management Plan and People Strategy are reflected in the introduction to the Resourcing Strategy.

The City's 2022/23 financial year budgets (as detailed in the Operational Plan and included in the attached schedules) form the basis of the financial projections within the Long Term Financial Plan. While relevant adjustments have been made in the plan's short to medium term in respect of the impact of the Covid-19 pandemic, the underlying Income Statement and Balance Sheet are taken to substantially represent "business-as-usual". The underlying income and expenditure form the basis of the later years in the plan, having been escalated by appropriate indices, with appropriate adjustments.

Broadly, the Plan utilises forecast annual CPI growth as an indicative guide to annual income and expenditure movements. Appropriate adjustments are made where income or expenditure items are known to escalate on a different basis.

Where new initiatives/projects that will impact operating income and/or expenditure are

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anticipated, additional adjustments are made to long term projections in the model.

Significant adjustments include:

- Fluctuating capital income as a result of development activity in the Green Square precinct and Central Sydney
- Capital Grants expected to be received – particularly for City cycleways
- Allowances for asset maintenance growth as a result of new infrastructure/facilities
- Ongoing expenditure impact of the high cost of administering the City’s unique non-residential voting roll, and local government elections
- Adjustments to resourcing reflecting anticipated changes in service provision over time
- Adjustments in respect of ongoing impacts for a number of the City’s revenue-generating facilities and services due to the Covid-19 pandemic

The Capital Program is forecast over the ten year timeframe of the Plan. In later years, where specific projects may not have yet been fully identified, provisional sums are included reflecting historical works patterns, and in line with renewal requirements identified as part of the Asset Management Strategy.

As capital projects are forecast to be completed, corresponding income and expenditure (including depreciation) impacts are factored into future financial results.

Other assumptions relating to specific income and expenditure types are included within this Long Term Financial Plan.

In preparing the Plan, the City undertakes a wide range of sensitivity testing, via a sophisticated financial modelling tool, in order to arrive at what it considers to be the most realistic and balanced scenario. The attached schedules reflect the City’s forecast position.



Image 8: *Green Square markets in February 2022*

# Financial Forecasts – Continuing Operations

Note that the categories below refer to the Income Statement in the first financial schedule attached to this plan.

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## Income from continuing operations

This section includes a review of the major sources of income received by the City, including explanatory information along with a discussion of the risks and assumptions.

The City aims to maintain a diverse income base, with income sources outside Rates and Annual Charges vital to reduce the burden on ratepayers of funding all of the City's ongoing operations, minimising the impact of rate-pegging. In addition to the operating income below, details of capital income – also used to partially fund the City's capital works program – are detailed later in this section.

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## Rates and Annual Charges

Rates and Annual Charges are the City's primary source of annual income, contributing over half of total operating income, a proportion which has remained relatively constant since the Council boundary adjustment of 2004.

### Rates income

In accordance with NSW legislative requirements, the City calculates its individual rates by applying an ad valorem (rate in the dollar) multiplier to each property owner's unimproved land value.

The City maintains three rating categories:

1. a CBD business rate;
2. a general business rate; and

3. a general residential rate for the entire local government area

The City maintains minimum business and residential rates which are applied to property owners where rate in the dollar charge falls below a set amount. This is to ensure that all landowners make a reasonable contribution towards the services and facilities provided, which is particularly relevant given the number of strata property owners with relatively small proportionate land values within the City.

The City's annual rates income represents 44.1% of Income from Continuing Operations (as reflected in the attached schedules of this plan). CBD business rates represent approximately 23.7%, other business rates 9.2% and residential rates 11.2%, of total income from continuing operations. The City's property distribution is not conducive to achieving an equitable unimproved land value-based tax, with 78.0% of residents on minimum rates, reflecting Sydney's high density living. However, minimum rates do not produce a rate levy that reflects an individual owner's capacity to contribute to the cost of Local Government operations, nor their likely consumption of City services.

The State Government constrains the growth of annual rate income for all councils by setting a general maximum rates increase. This 'rate cap', also referred to as the 'rates peg' is recommended to the Local Government Minister by IPART, based upon the price movement of local government expenses in the market and assuming a productivity improvement (efficiency) factor in most years.

As mentioned earlier, IPART introduced a population growth factor that is unique to each Local Government Area in 2022 as part of the revision to the rate peg calculation methodology. The population growth factor is intended to allow each Council's general income to be maintained on a per capita basis as its residential population grows. This is a

## Long Term Financial Plan 2022/23 to 2031/32

significant and welcome reform to the rating system, as population growth is a major driver of infrastructure and service cost increases.

Note that the City's general rates base can also grow when new properties are developed within the area that require additional local government services, where the sum of the rates paid by strata owners exceed the original rate value or where crown lands (normally rate-exempt) are being leased for private purposes. These increases are offset against the maximum allowable increase attributed to the population growth factor. The completion of major urban redevelopments within Sydney has generated additional income during recent years, although significantly less than required to fund the increase in services demand by new residents, as the properties were previously rated as businesses.

The City is looking closely at its rating path and the best way to equitably align its rating structure to service this growth. The City will continue to explore options that will improve the fair and equitable distribution of the rates burden for all our ratepayers.

In December 2021, IPART set the general allowable increase for 2022/23 at 0.7%. IPART determined this rate peg with reference to the annual movement in the Local Government Cost Index. In addition, the City was granted an additional population growth factor of 0.7%, resulting in a total allowable increase of 1.4% for the City of Sydney.

The Local Government Cost Index of 0.7% is the lowest increase IPART have ever recommended. This poses a challenge to the financial sustainability of the City (indeed all Councils) confronting high inflation and increasing construction costs.

The Minister for Local Government has subsequently recognised the inadequacy of both the announced 2022/23 rate peg, and the underlying methodology. In response the Minister announced on 7 March 2022 a new special rates variation opportunity for the 2022/23 financial year, to support councils that had budgeted for a larger income increase than their allowed by the published rate peg, up to a maximum of 2.5 per cent where the council can demonstrate the need for a special variation to meet the obligations they set for 2022/23 in their 2021/22 Integrated Planning and Reporting (IPR) documentation.

In April 2022, Council resolved to apply to the Minister for Local Government, through her delegate the Independent Pricing and Regulatory Tribunal, to vary its general rate income by a permanent special variation for 2022/23 of 2.5 per cent, as allowed under section 508(2) of the *Local Government Act 1993*.

Beyond 2022/23, the City has estimated future average general rate increases of 2.5% p.a, allowing for IPART approved increases and development growth.

The City will continue to advocate for a more equitable and flexible rating system as part of a detailed submission to IPART. The Plan assumes a continuation of the current NSW rating system.

### Pensioner Rates Exemptions

The City continues to provide 100% rebate of rates and annual charges for eligible pensioners within its local government area. This scheme provides an additional rebate on top of a mandatory rebate for eligible pensioners and in total, the scheme currently costs approximately \$3.7M per year.

While this cost has remained reasonably constant, City officers continue to assess long term trends to ensure the sustainability of this policy and consider the long term benefits and impacts of this scheme.

### Domestic Waste Management Charges

The *Local Government Act 1993 (NSW)* requires Domestic Waste to be a full cost recovery service, and all costs associated with the administration, collection, recycling,



Image 9: Garbage collection truck from Cleanaway, contracted by City of Sydney

disposal, treatment, and community education are entitled to be recouped from residential ratepayers.

These charges amount to \$64.5M for the 2022/23 financial year, including the gradual accumulation of a reserve providing funding for future waste treatment options, as outlined in the Advanced Waste Treatment Master Plan: 2013-2030 and the Waste Strategy and Action Plan, adopted in 2017 financial year. This is an important initiative to supplement the City's existing efforts to promote and provide recycling and green waste services to assist in the reduction of the total amount of waste being directed to landfill.

In December 2021, IPART proposed to publish an annual domestic waste benchmark peg, which is non-binding on councils and is intended to give guidance to ratepayers and councils on how much the reasonable cost of providing domestic waste management services should change year-to-year. Further, IPART propose to request councils whose charges increased more than the benchmark waste peg to explain why, and also publish an annual report that highlights councils whose domestic waste management charges have increased by more than the benchmark peg, including those councils' explanations for the increases.

### Stormwater Charges

The legislation also provides the City with the ability to collect a further \$2.0M each year to improve its stormwater networks. The charges remain at \$25 per residential property, \$12.50 per residential strata unit, and a pro rata rate of \$25 for every 350m<sup>2</sup> or part thereof for business properties. The funds raised from this charge are quarantined to improve the quality and quantity management of the City's stormwater network, over and above the existing works that are currently undertaken. The City plans to expend significant sums towards these important infrastructure improvements in the coming ten years, and this contribution has assisted with the preliminary planning of network enhancements, and in the future will contribute to the delivery of works identified with the Stormwater Management Plan.

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## Alternative Heritage Floorspace Scheme

The Central Sydney Planning Committee (CSPC) resolved on 17 March 2016 to establish an Alternative Heritage Floor Space (HFS) scheme. The scheme allows developers within Central Sydney to lodge bank guarantees with the City, in order to delay the deadline for the purchase of required HFS.

If, at the maturity date of the planning agreement, the developer has not purchased the required HFS, the bank guarantee/s become payable. In the event that the City redeems a bank guarantee for cash, the funds will be held as restricted cash, pending the identification of an appropriate avenue for disbursement.

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## Fees and Charges

Fees and user charges are derived from patrons of the City's facilities and services and organisations seeking to use the public domain. Fees and charges income provides around 19.3% of the City's budgeted Income from Continuing Operations for 2022/23.

This category of income includes parking meter and parking station income, planning and building regulation fees, aquatic centre income, venue hire, advertising space income, filming fees and work zone fees. There is a mixture of commercial, regulatory and statutory fees in addition to user-based fees, which are subsidised to provide wider community outcomes.

Fees and charges are determined annually, published in the Revenue Policy within the Operational Plan, and incorporated within the annual operating budget. Assessment of the fees is based on:

- the cost of providing the service
- whether the goods or service are provided on a commercial basis
- the importance of the service to the community
- the capacity of the user to pay
- the impact of the activity on public amenity
- competitive market prices





Image 10: Streetscape featuring trees and parked cars in Pymont

- prices dictated by legislation; and
- factors specified within relevant local government regulations, as applicable.

The Long Term Financial Plan assumes that fees will rise, in general terms, in line with CPI projections over the course of the ten years. The level of fees and charges income will fluctuate moderately from year depending on patronage and demand for facilities and services.

The uncertainty surrounding the current health orders places challenges on projecting income from continuing operations such as community facilities and venue hire.

### **Parking Income**

Parking income is derived from the City's network of parking meters and two car parking stations located in Goulburn Street, in the Central Business District, and in Kings Cross. Total parking income makes up around 6.8% of the Income from Continuing Operations for the City. Parking income is predicted to rise close to CPI levels over the ten year period of the Long Term Financial Plan.

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## **Other Income**

### **Commercial property income**

The City's commercial properties portfolio generates approximately 9.4% of its Income from Continuing Operations, and has been a key revenue source for many years.

The City's long term aim is to maintain and ideally increase the level of income derived



Image 11: Awning and upper storeys of QVB

from property over the next ten years, to support the anticipated additional demand for community services over the same period, and to ensure that the burden of the City's operational costs are not borne solely by the ratepayer.

The City has primarily invested within the CBD and the major 'gateways' leading into the city centre, including a significant investment property at 343 George Street. This category of income also includes revenue generated from the ninety-nine year lease of the City-owned Queen Victoria Building (QVB) to private operators, to which the City has a residual revenue share entitlement. The impact of Covid-19 with respect to QVB income has been significant which can be attributed to virtually no international visitors.

The City's accounting approach for tenancies under the City's Accommodation Grants Program (AGP) is to recognise gross income (and corresponding gross expenditure). The equivalent commercial rate of rent for these properties is shown as income, with the reduction provided under the AGP recognised as a non-cash (or "in-kind") grant expense.

The City has a property revenue strategy and plan, articulating the goals and actions for the commercial portfolio. A draft strategy incorporating the community property portfolio is currently under development. These documents assist in identifying the future needs of the City and the potential for acquisition and divestment of properties over the long term.

The yields generated by the commercial portfolio are subject to ongoing review in order to identify sub-optimal returns, which may be addressed through either refurbishment, development or disposal if appropriate.

## Long Term Financial Plan 2022/23 to 2031/32

The size and diversity of the portfolio presents an opportunity to grow this stream of income through careful management, divestment and potential re-investment in suitable properties, which assists in alleviating funding pressures on the City's ratepayers.

There is risk to some of the City's commercial property income in light of the pandemic. Last year, Council provided relief measures in line with the Federal Government's Code of Conduct for Commercial Tenancies. These measures included implementing payment plans for tenants under financial distress. Following the conclusion of the Federal Government's Code, the City continues to act in good faith and support tenants on agreed payment plans.

Beyond the short to medium-term impact of Covid-19, the Long Term Financial Plan assumes that rental income will generally grow in line with CPI increases over the longer term, subject to acquisitions or divestments of income generating property. Commercial property markets are subject to demand and supply dynamics that impact on vacancy levels and the rents that can be negotiated.

### Enforcement income

Enforcement income refers to the gross revenue generated from the City's ordinance and parking enforcement activities in maintaining a safe city. In 2001, the State Government transferred its powers to the City to enforce parking infringements within the CBD. Further parking enforcement responsibilities were transferred to the City as a result of the 2004 Council amalgamation (with the former South Sydney City Council) and boundary transfer (with the former Leichhardt Municipal Council).

The gross income from enforcements represents around 5.2% of the City's Income from Continuing Operations. However, after paying processing fees to Revenue NSW and deducting other operating costs, 50% of the net income is then remitted to the NSW Government (for CBD and former South Sydney zones), so the City actually only retains income equalling approximately 1.0% of Income from Continuing Operations.

The City utilises its enforcement resources to monitor parking and ordinance issues.

The Long Term Financial Plan incorporates an increase for annual CPI adjustments, reflecting

the annual increases previously approved by the State Government. Net enforcement income levels over the longer term may also be influenced by:

- Increase of salaries and wages, or other costs associated with the service
- Improved compliance levels
- Lower infringement collection rates in 2022/23, anticipated to improve in the medium term

### Operational Grants and Sponsorship

The City receives grant funding from other government bodies to supplement its other sources of income and provide additional funding for specific projects or programs where there may be shared outcomes.

The City is presently allocated in the order of \$7.1M annually from the Commonwealth Government in the form of the Financial Assistance Grants. These are general purpose grants paid to local councils under the provisions of the Commonwealth *Local Government (Financial Assistance) Act 1995*. These funds comprise an unconditional grant, and a smaller local roads component.

Other specific grants are allocated to individual projects or programs, either as part of a National or State scheme, or as a result of a specific grant funding application. The City also participates in projects between other councils and authorities that may also be funded directly by grants from other parties.

The Long Term Financial Plan allows for notional annual increases in line with CPI. Other grant programs have been reviewed and modelled based on their individual project timelines. It is assumed that in the future, new grants will be received but will be offset by commensurate expenditures, resulting in no net financial impact.

There is an ongoing risk that the funding methodology applied to the allocation of the Federal Assistance Grants could be altered and that the City receives a reduction in grant allocations. If this was the case, the City would need to assess its response to any proposed change.



Image 12: *Alfresco outdoor dining at Albion Place Hotel*

Sponsorship is sought and utilised by the City, as either cash or value-in-kind (free use of a private space) to obtain additional resources with which to support specific events, activities or programs. Sponsorships can also enhance the success and public exposure of these activities. Additional sponsorship is actively sought to allow the City to enhance, extend or reduce the cost of current activities or programs, or to develop new ones.

The market for sponsorship remains extremely tight and competitive, and the City as a public authority also maintains an appropriate Grants & Sponsorship policy, to ensure the highest levels of probity and transparency to protect the City's reputation.

### **Interest Income**

The City invests funds that are surplus to its current needs in accordance with the approved "Minister's Orders" and its own Investment Policy and Strategy, which is reviewed annually and approved by Council.

The City's Investment Policy and Strategy for the Management of Surplus Funds was last endorsed by Council in October 2021. It again reflects a prudent and conservative approach,

to achieve reasonable returns ensuring the safeguard of the City's funds for the purposes intended, whilst giving preference to Socially Responsible Investments. In a recent positive development, the City has been able to invest funds in a Green Tailored Deposit product brought to the market by Westpac, as well as Green Term Deposits offered by the Commonwealth Bank of Australia.

The City has steadily developed relevant internal cash reserves to be applied towards the major Community Strategic Plan projects over the next ten years, in addition to those external restrictions of funds required by legislation.

The size of the investment portfolio and interest rate returns determine the revenue generated from the Council's cash investment portfolio, and the investment income derived is therefore expected to decline, given the continuing ultra-low interest rate environment and the utilisation of cash reserves in the delivery of the major projects for which they have been set aside. These projections are reflected in the Cash and Investments Balances graph in the financial schedules included later in this Plan.

## Capital Income

### Developer Contributions

Development contributions provide significant funding towards the cost of essential public facilities, amenities and infrastructure provided by council, reflecting the increased demand generated by increases in resident and worker populations.

The City recently adopted a new contributions plan for Central Sydney in November 2021 under Section 7.12 of the *Environmental Planning and Assessment Act (1979)*. The Central Sydney Contributions Plan (2020) imposes a levy based on development cost, akin to the previous (Section 61) plan, with updated thresholds and contribution rates as follows:

- From \$0 - \$249,999 a contribution of 0% shall apply;
- From \$250,000 - \$499,999 a contribution of 1% shall apply;
- From \$500,000 - \$999,999 a contribution of 2% shall apply; and
- Over \$999,999 a contribution of 3% shall apply.

The Central Sydney Contributions Plan (2020) was granted ministerial approval and came into effect commencing 26 November 2021. In addition, the NSW Government has proposed a series of reforms to developer contributions which are yet to be finalised or implemented. Given the inherent uncertainty of these reforms, this iteration of the City's Long Term Financial Plan does not reflect an uplift in contributions or capital works associated with the Central Sydney Contributions Plan (2020).

Section 61 of the *City of Sydney Act (1988)* allows for contributions amounting to 1% of the total development cost, to be levied by Council on building projects over \$200,000.

The Central Sydney Development Contributions Plan 2013 was the City of Sydney's Section 61 plan until it was superseded by the section 7.12 Central Sydney Contributions Plan (2020) described above. The plan, adopted in July 2013, operated on a recoupment basis, with contributions income applied to previously completed works, and also incorporated future works items, a number of which were carried forward into the new Section 7.12 plan. Contributions levied under the Central Sydney Development Contributions Plan 2013 will continue to be collected, where developments approved prior to 26 November 2021 proceed to construction.

Image 13: *Blackwattle Bay*





The remainder of the City of Sydney local government area (eastern, western and southern precincts) is covered by the City's Section 7.11 Plan – the City of Sydney Development Contributions Plan 2015. This plan reflects population and development projections, and a list of essential infrastructure and facilities works to support that development. The plan incorporates the entire local government area (excluding Central Sydney).

State Government requirements restrict the maximum amount of Section 7.11 developer contributions that can be levied and the types of infrastructure and facilities that can be funded through the developer contributions system. In accordance with a Ministerial Direction effective from 16 September 2010, contributions levied on residential development are capped to \$20,000 per dwelling or lot created. This cap has not been subject to indexation since its inception, representing a decline in real terms. The cap, combined with the financial pressures associated with rate pegging, significantly constrain the City's ability to fund its capital program. As a result of the contributions cap, it is currently anticipated that a new Section 7.11 plan would not significantly alter existing contributions rates for most new dwellings.

Image 14: *City of Sydney Creative Studios at Bathurst Street*

Development contributions are heavily reliant on the property development cycles influenced by demand, availability of land stock, interest rates and access to funding. As a result, there are substantial risks of cash flow not aligning with planned expenditure to be funded by development contribution funding, leaving funding "gaps" that need to be supplemented by other sources until contributions are received.

The use of Voluntary Planning Agreements (VPAs) and, in the case of the Green Square, the Floorspace Bonus Scheme and Developer Rights Scheme (DRS) will also continue to deliver significant public benefits where the City is able to negotiate positive outcomes with developers. Agreements with developers to provide Works in Kind contributions will continue to be linked to the delivery of essential infrastructure, where this mechanism is effective. Alternatively, cash contributions will further assist in directly funding the City's capital works program. In the case of the DRS, the Long Term Financial Plan reflects an uplift to developer contributions over the next ten years, in line with substantial development in Green Square Town Centre, the contributions funding will partly offset the cost of meeting the associated increase in demand for new

## Long Term Financial Plan 2022/23 to 2031/32

infrastructure and facilities in the area. As detailed in the Green Square Town Centre Infrastructure Strategy, the DRS will assist in funding the provision of essential local infrastructure (including roads, drainage, open space and traffic/access infrastructure) and facilities (including childcare centres, libraries and recreational facilities) in Green Square, in conjunction with Section 7.11 and the City's general funds.

Careful planning and regular reviews of forecasts and contributions plans over the life of the Long Term Financial Plan will reduce the risk of committing to expending significant sums for projects without appropriate financial support from developer contributions.

### Capital Grants

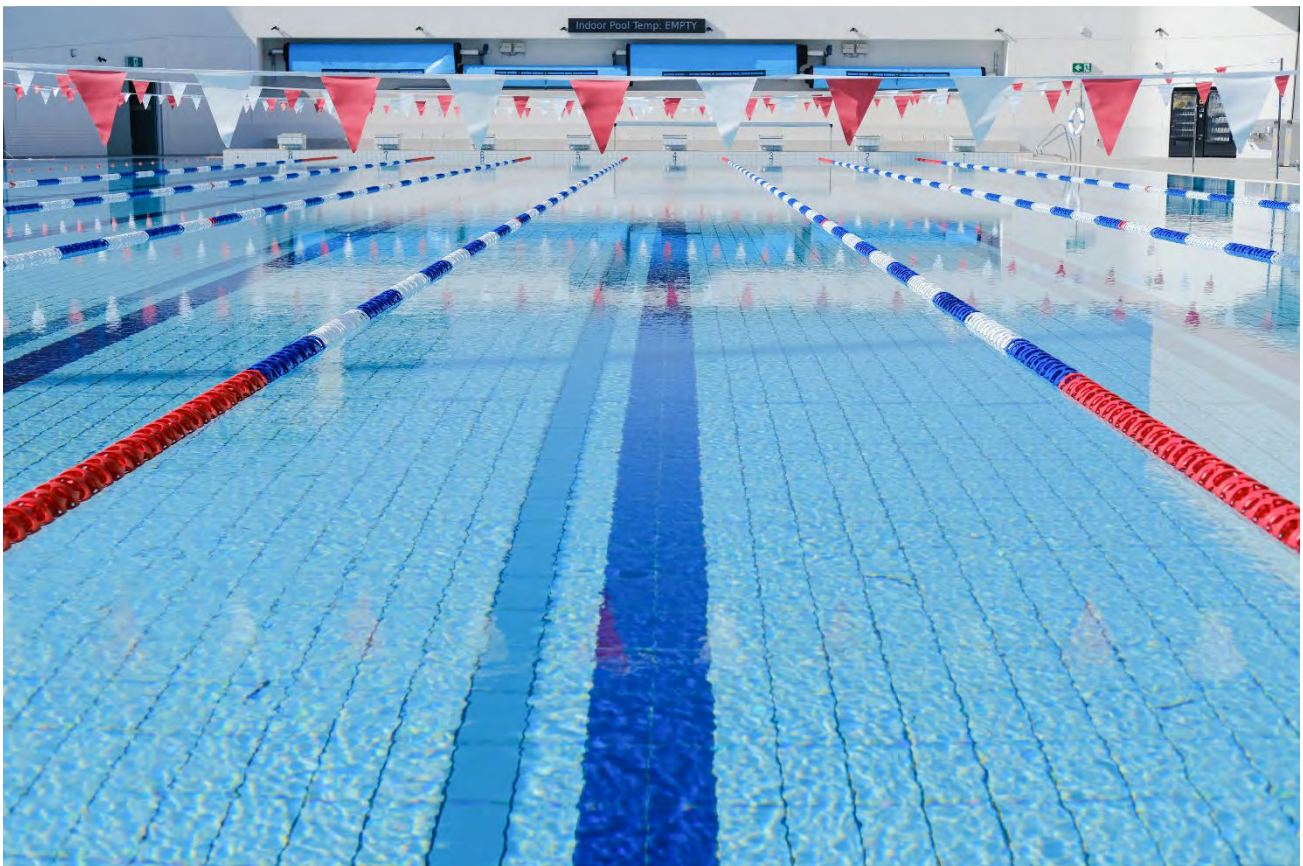
Capital grants are received by the City for specific projects to assist in the funding of community facilities or infrastructure. The grants provide supplementary funding that can assist in accelerating the commencement of a project, demonstrate a shared commitment from the other party or provide a greater benefit arising from the additional funding.

A number of proposed projects over the next ten years will require significant additional sources of funding for the projects to progress. Each of these projects is assessed, and where the funding sources are known, included in the Long Term Financial Plan.

The plan incorporates known committed grants, and a conservative allowance for capital grants income in future years, based on historical availability of grant funding assistance. As specific projects are identified as eligible for grants, the income and budgeted capital expenditure are matched within the plan.

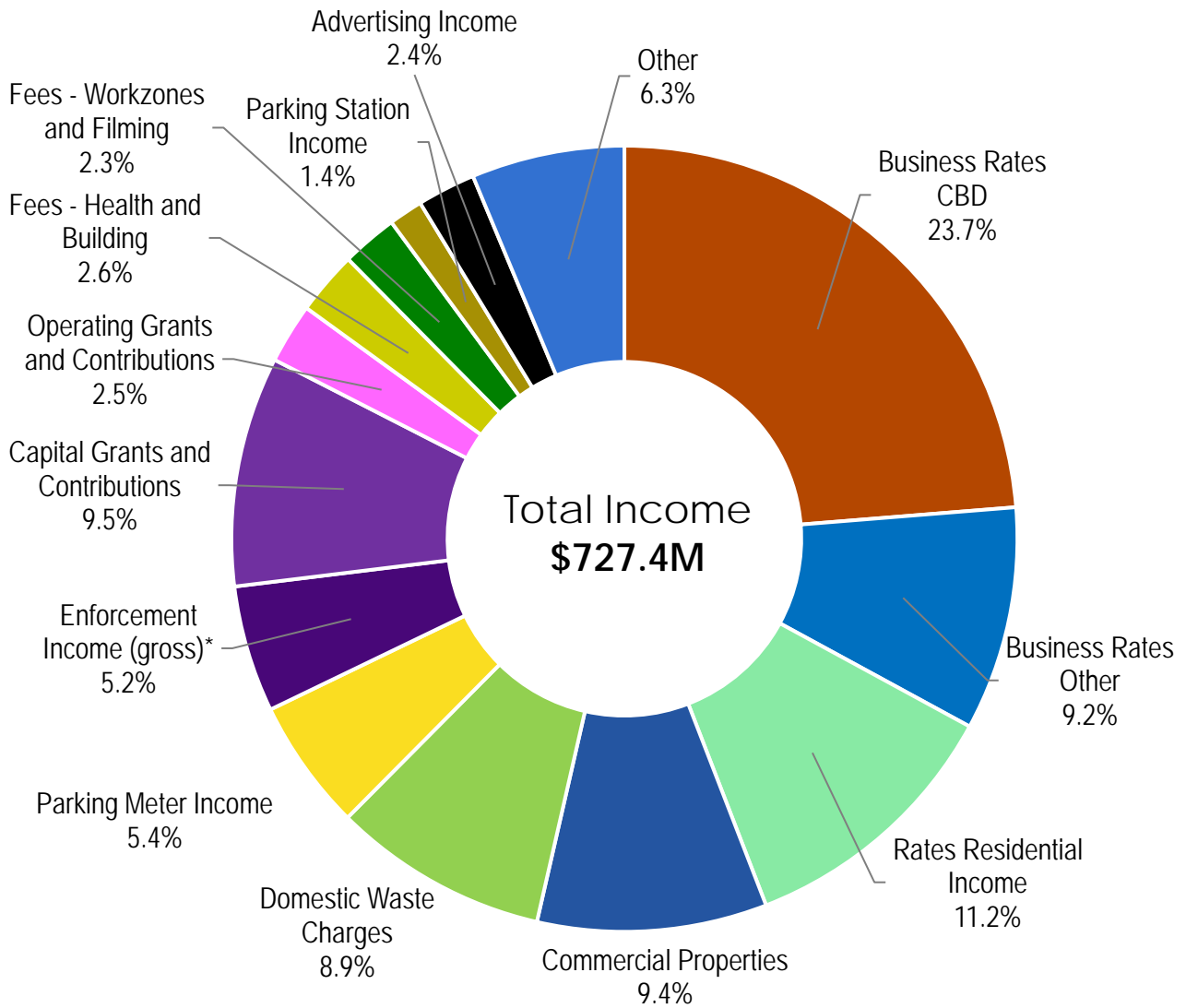
A significant allowance has been made for anticipated grants from NSW Government towards the construction of new cycleways, consistent with the NSW Government's City Access Strategy. This is further detailed in the *Financial Forecasts – Capital and Assets* section of this Plan.

Image 15: *Gunyama Park Aquatic and Recreation Centre*



**Total Income Summary**

**Figure 2: Income Sources as a % of Income from Continuing Operations<sup>^</sup>**



\* Note that once processing fees and profit share (returned to NSW State Government) and collection costs are deducted from gross enforcement income, the net value represents approximately 1% of income

<sup>^</sup> Income from Continuing Operations consists of Operating Income, plus significant amounts for Capital Grants & Contributions and Interest and Investment Income

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## Expenses from continuing operations

This section includes a review of the City's major expenditure commitments over the next ten years, together with background information and a discussion of any key risks and assumptions.

Operating expenditure is expected to increase in general terms over the next ten years and an average increase for annual CPI growth has been applied to all costs, unless specifically modified on the basis of other data or assumptions.

### Employee Costs

The City is a leading NSW local government employer, both directly through its full time equivalent workforce slightly under 2,000 budgeted full time equivalent positions and indirectly through the services it contracts to ensure an efficient, affordable and sustainable service delivery model for the community.

The City aims to build upon its reputation as an "employer of choice" in order to attract and retain quality staff that it will continue to develop, support and assist. The challenge in a competitive marketplace is to achieve these goals and enhance the City's service delivery capability while maintaining salary and wages that are sustainable over the longer term.

Direct employee costs represent 47.8% of the City's total operational expenditure (excluding depreciation), rising from approximately 45% in 2004/05, therefore warranting specific strategic planning, ongoing monitoring and tight management control to ensure financial sustainability.

The City's People Strategy has been prepared in line with the development of this financial plan and considers the current and future workforce challenges and the skill sets of employees required to meet our key objectives.

The People Strategy is intended to provide an understanding of the internal and external issues facing the organisation now and into the future in terms of the capability of our people, the quality of management and leadership and our people culture.

The delivery of the major projects within the Community Strategic Plan will rely on the efficiency of the City's people to plan,

implement and manage the many projects, facilities and services.

The People Strategy has identified actions to ensure that the City's employees are capable of delivering the City's plans and key objectives.

Strategies include enhancing recruitment and attraction, customising learning and development needs, building leadership and management capability and supporting effective performance development and management. These programs are incorporated within the current provisions contained in this Long Term Financial Plan.

Future salary and wages costs will be determined as part of periodic award negotiations between the City and relevant unions. The plan contains provisions for increases in line with recent award trends over the ten year period, together with adjustments to staff resourcing to coincide with a transition from capital construction and expansion, towards a program of service delivery and maintenance.

### Materials and Services

Material and contract expenditures are another significant proportion of total operating expenditure, with the amount expended fluctuating moderately from year to year, depending on the specific needs and priorities of the services and projects within this category.

The category includes costs for services contracted to external parties for waste collection, facilities management, road maintenance and parks maintenance.

The City has significant infrastructure and facility asset holdings that need to be maintained to a quality standard, whilst providing a broad and diverse range of quality services for its community. Expectations for increasing levels of service and new community facilities and assets will lead to future cost pressures.

Asset management and service planning, together with ongoing reviews of contracts and services, will aim to defray some of these increasing cost demands.





Image 16: *Gunyama Park Aquatic and Recreation Centre*

## Other Expenditure

“Other Expenditure” incorporates costs relating to ordinary goods and services which are recurrent in nature. It also includes the costs for producing large community events, payments to utilities, donations to other organisations, communication expenses and contributions to other levels of government that can significantly change over time.

The City commits significant funding to its ongoing community events (including New Year’s Eve, Lunar New Year, etc). While there are cost pressures associated with producing and staging these events, there are often discretionary elements and the City has been successful at managing these events within the overall budget framework for major events. Programming is reviewed annually to ensure adequate funding has been allocated for specific events. The increasing cost of public health and security measures for events has also been factored into the plan.

In response to the impact of the pandemic, the City (in conjunction with the NSW Government) has launched a series of street activation initiatives to stimulate the economic recovery of the CBD.

The City also manages a large and diverse annual Grants and Sponsorship program to ensure that financial support is available for the development and delivery of community projects and programs that align with the City’s strategic plan outcomes. These programs are tightly managed to ensure that the City supports a broad and diverse range of grant applications that satisfy set criteria, within the approved program.

As noted in the Commercial Property Income section above, the plan accounts for tenancies under the City’s Accommodation Grants Program (AGP) as gross income and gross (in-kind) grant expense, reflecting the value of rental abatement provided to tenants under the program.

An analysis of recent trends and project assumptions has identified several items that are likely to increase at higher than the CPI rate. The major items have all been examined and longer term assumptions determined for the following items.

### Local Government Elections

The Plan anticipates the NSW Electoral Commission charging around \$1.3M for the cost of running the local government elections every four years. The 2021 City of Sydney Local Government elections cost approximately \$1.3M, excluding City staff resources. The current Council term has been truncated to

## Long Term Financial Plan 2022/23 to 2031/32

three years. The plan therefore allows for elections in 2024, 2028, and 2032.

The *City of Sydney Amendment (Elections) Bill 2014* passed by the NSW Parliament requires the City to administer a roll of business voters within the LGA for the purposes of compulsory voting, for which no other LGA is obligated in NSW. The City established the Council Elections Unit in 2015/16 to address the onerous compliance requirements of the legislation.

### State Government Levies

The City recognises that State Government levies are a legitimate mechanism to distribute the burden of funding certain services and can be used as a financial disincentive to promote a reduction in certain activities, however the levies should be apportioned equitably and used for the nominated outcomes in a transparent manner.

The City contributes in excess of \$15.0M annually to the State Government in the form of direct levies. The increase in these changes, in some cases arbitrarily set by the State Government, has in recent years risen significantly higher than CPI for the same period.

The levies paid by the City to other agencies include:

- Waste and Environment Services Levy applied to all waste disposed to landfill (over \$7.7M annually)
- Fire & Emergency Services Levy assigned to each council in NSW based to partially fund metropolitan and rural fire services (\$4.9M annually)
- Parking Space Levy which applies to commercial car parking spaces within the CBD (\$1.8M annually)
- Contributions to the Sydney Region Development Fund managed by the Department of Planning, Industry and Environment (\$0.8M annually).

The Waste and Environment Services Levy has historically increased at a rate deliberately set greater than CPI as a price deterrent to additional waste. In 2022/23, the levy rate is anticipated to again rise, although in line with CPI only. The charges for waste and environment levy for domestic waste are fully recovered from ratepayers directly through the

Domestic Waste Management Charge, as required by legislation.

The City is also subject to the State's Parking Space Levy, which has again risen disproportionately over recent years, with little advance notice, has had a significant impact on the cost of public and private parking within the City. There are also concerns over what benefits to public transport have been achieved through the use of these specifically quarantined funds.

The City contributes to the Sydney Region Development Fund, to assist with funding a proportion of the loans required for the State to procure lands for open space, transport etc. The City believes that this funding mechanism should be made available to offset the costs of strategic lands acquired by the City in delivering essential infrastructure and open space in the Green Square urban renewal area.

### Parking Enforcement Agreement

The Enforcement Income section referenced the 2001 agreement that transferred responsibility to the City for parking enforcement in the CBD, and the requirement for the City to share equally the net revenue with the NSW Government (for the CBD and South Sydney precincts), after deducting all costs associated with this important regulatory and traffic management function.

The City expects to return around \$3.0M to the State Government in 2022/23, as per the agreement. This amount fluctuates with the volume of infringements, processing costs and collection rates, however this is linked to the respective enforcement income. In addition, the City will pay Revenue NSW in the order of \$5.4M for the processing of infringement notices.

### Asset and Infrastructure Maintenance

The City's Asset Management Strategy incorporates the over-arching framework, policies and strategies to manage the critical assets under the City's control, a key measure of long term sustainability.

The plan provides estimates of the planned maintenance levels for each of the major categories of infrastructure assets and the Long Term Financial Plan includes forward estimates for asset maintenance activities including new assets developed, together with provisions for

projects that refurbish, upgrade or create new community facilities and essential infrastructure.

The Long Term Financial Plan and Asset Management Plan together demonstrate the City's capacity to fund the required maintenance and renewal of its critical operational and community assets, in a condition appropriate to meet the needs of the community and the expectations of a global city over the next ten years.

### Depreciation

Depreciation of assets is a non-cash expense that systematically allocates the financial benefit of a fixed asset, and recognises degradation of its capacity to continue to provide functionality over time.

Depreciation provides an approximate indicator of the reduction of the asset's estimated useful life, on the proviso that it is maintained in a standard condition.

Depreciation is based upon each asset's value and an annual rate of depreciation calculated on the estimated useful life for each asset class.

Depreciation is not influenced by other factors such as CPI and will only change if asset values or useful lives vary, or assets are acquired or divested. NSW Office of Local Government requires that all assets are revalued to "fair value" within a five-year cycle.

Valuation and depreciation methodologies are regularly reviewed, as part of cyclical asset revaluations and in the interim, as improved asset data becomes available. Updated asset condition data is incorporated into depreciation calculations, with the aim of better aligning asset depreciation with consumption of economic benefit as closely as practical, using available information.

However, depreciation – a notional calculation of asset consumption over its useful life – is not a measure of the required renewal expenditure on an asset in any given year. It does not inherently reflect the actual physical degradation of the asset condition. Depreciation is therefore merely a guide towards the funds that should be allocated towards the renewal of assets either on an annual basis or in the provision of internal reserves to be used for major renewal projects.

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*Image 17: City Engineer at Green Square Plus, a local multi-utility providing recycled water, drinking water, wastewater and trade waste services across the precinct*



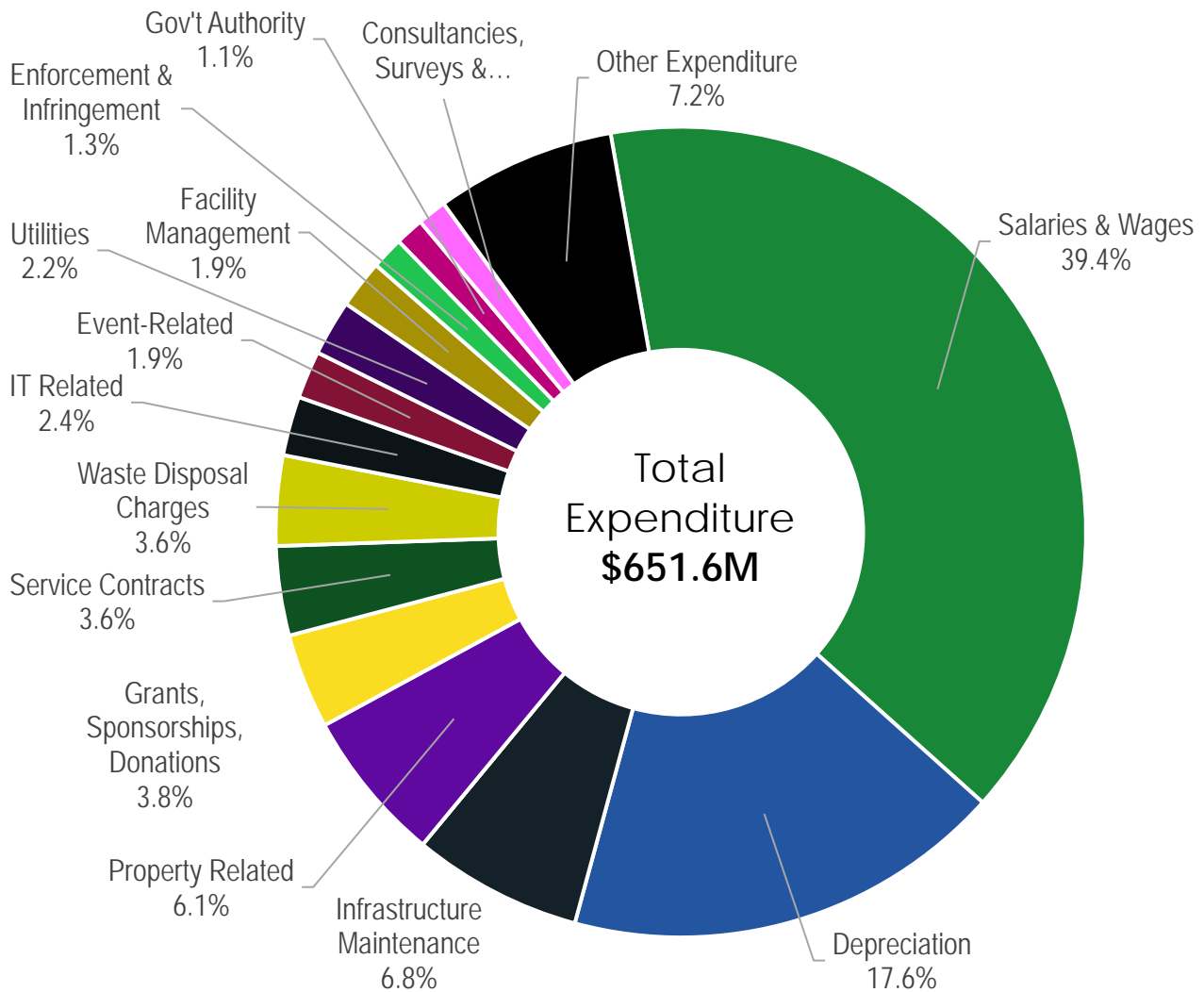
## Long Term Financial Plan 2022/23 to 2031/32

The City's investment in new community facilities and other assets, and periodic revaluation of existing assets will see the depreciable asset base rise over time.

This Plan assumes a continuation of present-day depreciation methodology, and accordingly increases in depreciation expense have been modelled in line with anticipated project completion dates.

### Total Expenditure Summary

**Figure 3: Expenditure Sources as a % of Expenditure from Continuing Operations**



\* Expenditure from Continuing Operations consists of Operating Expenditure, plus expense amounts for Depreciation and Capital Project related costs

# Financial Forecasts – Capital and Assets

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## Capital Works Expenditure

Consistent with previous long term financial plans, the City continues to plan for an extensive capital expenditure program, with approximately \$2.1 billion expenditure forecast for the construction of infrastructure and facilities over the next ten years.

This significant capital program requires careful planning and financial management, in order to ensure that delivery is achievable whilst maintaining operational service standards.

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## Asset and Infrastructure Renewal and Upgrade

The City will fund the renewal and upgrade of its infrastructure assets through the allocation of funds to its ongoing maintenance and capital works program. In cases where there is a requirement for major funding outside of this program, this will be achieved by the diversion of funds into an internally restricted reserve fund.

The program for asset renewal, enhancement and for the creation of new assets will be informed by the City's Asset Management Strategy. Over the long term, proposed capital expenditure for replacement, refurbishment and augmentation of key asset classes is expected to meet or exceed the required level, as identified in the Asset Management Strategy.

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## Capital Works Program

The City, through its capital works program, delivers vital improvements to the City's public domain, roads, footways, stormwater, parks



Image 18: *Green Square construction work*

and open spaces, properties, pools and other community facilities. New or replacement facilities are designed and constructed to meet growing community needs, while the existing portfolio of infrastructure and community facilities require upgrades and renewal in addition to their annual maintenance programs.

The capital works program funds the design, construction and refurbishment of City-controlled infrastructure, and is integrated with the asset management strategy plans, with a strong focus on quality service delivery and whole of life planning and management for each asset class.

Capital works funding is the largest program of expenditure in the City's budget over the next ten years and is therefore the subject of rigorous planning to ensure a sustainable level of funding for the timely delivery of key projects.

The ten year Capital Works schedule incorporated estimates of the scope, value and timing of the works and projects based upon the City's priorities, current level of knowledge and best estimates.

The ten year Long Term Financial Plan provides for the funding of the City's significant projects, in order to progress the goals and outcomes within the Community Strategic Plan.

In addition to the major initiatives, the ten year plan also allocates funds for capital programs that both enhance the City's asset base, and

also for all of the City's rolling programs of asset upgrade and renewal to ensure that its public domain infrastructure (including roads, footpaths, drains), traffic management, open space and parks, properties, pools and other community facilities are all maintained in accordance with the relevant asset management plans, and to a quality expected by the community and other stakeholders.

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## Asset Enhancement Projects

Asset enhancement project groupings incorporate capital works projects resulting in new, extended and/or augmented assets. Whilst these projects may, at times, provide an implicit renewal benefit for existing assets, the main driver for the works is an increased service provision to the community.



Image 19: *Cyclists on cycleways in the city*

### Bicycle Related Works

The City is planning to continue construction of its adopted bike network to provide safe connected cycling infrastructure to encourage

more people of all ages and abilities to ride safely, both in the city centre and surrounding areas.

Priority routes have been identified to align with changes emerging from the pandemic response. Construction is subject to the necessary approvals and community consultation to ensure optimum outcomes for the community.

Significant capital grants related to the delivery of new cycleways have been incorporated into the plan. These grants are anticipated to be received from the NSW Government based on their own priorities, and expenditure on a number of new cycleways projects is contingent upon the receipt of these grant funds. Should the grants not be received, expenditure on the proposed program will not be achievable, and will need to be revised accordingly. The City continues to work closely with the NSW Government to align project priorities.

### Open Space, Parks and Trees

Works to expand and enhance the City's Open Space provision are focused on increased quantity of open space, improved quality and community amenity. The program includes large provisional sums budgeted to deliver the new Open Space envisaged by the City's Development Contributions Plan, addressing increasing future demand created by the City's new population. Significant projects include:

- new parks in the Green Square Town Centre (and wider urban renewal area)
- City Centre Playground
- new synthetic sportsfield at the Crescent, Glebe.

### Properties – Community, Cultural and Recreational

The City manages a diverse portfolio of properties and has provided funds for their renewal, refurbishment or enhancement to continue the safe, efficient and sustainable operation of the buildings by commercial tenants, community patrons and staff.

Future provision has been made for the construction of new and upgraded community facilities, in order to meet increased demand as a result of a growing population. As project priorities and opportunities are identified, these provisional sums will be assigned to specific projects. Renewal of community and

recreational facilities is forecast to meet the requirements identified in the Asset Management Strategy, over the ten years of the Plan. Major projects include:

- future works Green Square Public School (in conjunction with NSW Government)
- the Business Innovation Space at Circular Quay
- a future recreation facility at Huntley Street Alexandria
- upgrade of the Pyrmont Community Centre.

### Properties – Investment and Operational

Capital works on the City's investment (income-generating) and operational (e.g. depots, administration buildings) properties are generally renewal-driven. A number of enhancement opportunities that improve amenity and/or environmental performance have been identified and the works are included in this iteration of the plan.

### Public Art

The City is continuing the delivery of the Green Square public art strategy, commissioning a range of new public artworks within the Green Square precinct.

The Eora Journey in the public domain identifies sites or histories of significance and reveals them so that in time our city's Indigenous story will be fully expressed. Yananurala, the harbour walk will share and celebrate new and old stories of Aboriginal and Torres Strait Islander people along the Sydney harbour foreshore.

These major programs are in addition to smaller, individual public art projects.

### Public Domain

The City is committed to delivering innovative urban design projects that improve the quality and scope of the public domain for residents, workers and visitors together, and ensuring the ongoing safety of users of the public domain.

The ten year capital works program incorporates both the construction of new and expanded assets, as well as upgrades that improve the public domain.



Image 20: *Bangala*, a public artwork by [redacted] and Aboriginal Elder Aunty [redacted]

The public domain category of works includes:

- New streets in the Green Square Town Centre and wider Green Square Urban renewal area
- Upgrade works in the CBD
- Major improvement and upgrade works for 'Village Centre' streetscapes, including Crown Street, Redfern-Waterloo precinct, Kings Cross/Potts Point and Chinatown

The City intends to create more people friendly streets surrounding the light rail and further develop the pedestrian boulevard to Railway Square by restricting through traffic and widening the footpaths to install more trees and street furniture.

The George Street south pedestrianisation project is well advanced, having created 9,000m<sup>2</sup> of additional car-free space in the city centre from Bathurst Street to Rawson Place. The project is supported at all levels of government and will be completed with a \$7.1M contribution from the Commonwealth for part of the project on George Street between Bathurst and Goulburn streets and a \$1.0M contribution

from the NSW Government for the overall project.

### **Stormwater Drainage**

Major stormwater drainage augmentation projects, arising from Flood Plain Management Studies and in response to community needs in areas experiencing residential growth, are included within the City's capital works program. Major works include the commencement of a trunk drainage project in Joynton Avenue, Zetland. Provisional sums have been included in the later years of the program, to enable the mitigation of potential flooding risks.

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## Asset Renewal – Rolling Programs

Asset renewal capital programs comprise groups of works focused on restoring and maintaining the service capacity of the City's infrastructure assets and facilities. Whilst a degree of upgrade to older assets is inevitable in most renewal works, the projects are chiefly initiated to restore the service capacity of existing assets.

### **Open Space, Parks & Trees**

The City's parks, open spaces and trees (including City controlled Crown Reserves) are amongst the community's most highly valued assets. Our park and open space network encompasses approximately 212ha throughout the local government area, providing both active and passive places for the community's use and enjoyment.

Along with the continuation of the successful Small Parks and Playgrounds Program, the Street and In-Road Tree Planting Programs and works to enhance Public Domain Landscaping, renewal projects are continuing at Hyde Park, Andrew (Boy) Charlton Pool, Harry Noble Reserve and Woolloomooloo playground.

### **Infrastructure – Roads, Bridges & Footways**

Substantial capital programs are in place to continue the renewal of the City's infrastructure network, particularly: roads, bridges and footways (incorporating cycling and kerb and gutter infrastructure). The programs will ensure that these key asset groups meet or exceed the City's determined 'minimum service levels' and

continue to provide the expected amenity to the community. Also captured within these projections is the ongoing CBD Paver In-fill Program, which has successfully improved public domain amenity by replacing existing asphalt and concrete footpaths with granite paving.

### **Properties Assets**

The City manages a diverse portfolio of properties and the long term plan provides funds for their renewal, refurbishment or enhancement to continue the safe, efficient and sustainable operation of the buildings by commercial tenants, community patrons and staff.

Renewal works to the City's corporate and investment portfolio will focus on sustainability and building compliance, along with works to maintain the income generating capacity of commercial properties. Community properties renewal works will focus on meeting safety and environmental standards and maintaining asset service levels in line with community needs. Renewal and upgrade works to Sydney Town Hall and other heritage buildings will continue over the life of the Plan.

### **Public Art**

Programs for the conservation of the City's array of public art incorporate a significant capital renewal program. These targeted restoration works are often highly specialised, and often involve heritage and artist consultation.

### **Public Domain**

Whilst the Infrastructure – Roads, Bridges and Footways renewal programs are focused on major network asset renewals, public domain renewal programs comprise works on additional infrastructure and public space assets, ensuring that the assets are maintained to a satisfactory standard across the entire local government area.

The public domain category of works includes:

- Traffic and pedestrian improvement works
- Walls, fences, steps, street furniture, retaining structures, survey markers
- Lighting asset renewal and improvement
- Public squares





Image 21: Foveaux St, Surry Hills, mural

### Stormwater Drainage

The City is undertaking a program of renewal and replacement of its existing stormwater network, in order to reduce the potential damaging effects of flooding. An extensive CCTV asset inspection project is ongoing, in order to identify priority rectification works on defective assets.

### Prioritisation of Projects

The capital works program prioritises projects based on asset condition, risk, community need and other opportunities as they arise with other entities. Over shorter periods, some areas of the local government area may require more capital works than others to reflect short term needs and opportunities.

The need for new assets is constantly assessed and verified against current population and development projections, community feedback and alternative means of supplying services. A further consideration is the priority of refurbishing existing assets that provide community benefits or operational service that

require regular refurbishment to enable the overall safety and quality of the facility to be maintained.

The planned rapid growth within the southern section of the City's area will place additional emphasis on prioritising the provision of community facilities and essential infrastructure in line with the development of the significant sites.

### Timing

The ten year capital works schedule comprises a mixture of specifically identified and budgeted projects over the shorter term and contains provisional sums over the longer term for programs of work where individual project opportunities have not been determined as yet.

### Capacity

Apart from funding constraints, the City has capacity constraints which determine the capital works program delivery timeframe. The constraints in project delivery include extensive community consultation programs, state government approvals, design, stringent procurement processes and availability of labour resources to project manage and implement the projects.

The ten year capital works schedule proposes an annual budget that reflects the demand and capacity to deliver one or two high value projects over a shorter period of a few years and recognises the organisation's delivery capabilities. A small number of very large projects may be totally delivered by other parties and the City may elect to contribute to the project through financial means.

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### Future Capital Works Program

The City's Long Term Financial Plan, as these major initiatives are completed within the next ten years, demonstrates the City's intention to return to a long term average capital works program of around \$180M per annum.

This objective will enable funding for a number of major projects each year, and adequate funding for all of the City's annual asset upgrade and renewal programs, to ensure the renewal and maintenance of our infrastructure and facilities to the required standard for a global City and its surrounding villages.

The City will generate the requisite funds through tightly controlled and well managed operations, interest earnings and capital contributions. While the objective will continue to pose a challenging program to deliver year on year, it is considered appropriate, achievable and financially sustainable.

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### Plant and Assets (including Technology and Digital Services Projects)

In addition to the renewal and expansion of the City's asset base delivered through the capital works program, the City undertakes a replacement (and, where appropriate) upgrade/expansion program for its plant and equipment type assets. Asset types include motor vehicles, furniture, machinery and information technology hardware.



Image 22: *The City's first electric truck in the city centre*

Additionally, the City has a capital works program to deliver components under the Information and Technology Strategy, incorporating the purchase, development, upgrade and implementation of new and existing software and systems.

The forecasts shown represent asset acquisitions (net of disposals, which aim to recover the residual value of the asset, where a sale is possible). The annual allowance is in the order of \$24M and represents the long term target, with specific requirements determined within the Operational Plan each year.

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### Property Strategy – Acquisition and Divestments

The City controls a wide portfolio of operational, community, commercial and strategic property assets, which it needs to regularly review to confirm as appropriate in light of changing needs, operational and investment requirements.

For the purposes of this financial plan, provisional sums for future property acquisition and divestment have been included (including the utilisation of development contributions in acquiring new land for open space) to reflect how the prospective cash flows would impact the City's cash reserves and financial position.

Purchases of land related to the delivery of the overall Green Square Urban renewal project have been significant. Most of these purchases have been undertaken to facilitate stormwater and road infrastructure delivery, with a number of small acquisitions remaining. The intention remains to divest any residual lands that are not

required, once the essential assets have been constructed or delivered.

Over the life of this plan, the City will identify other specific development, community and investment opportunities for Council consideration within the framework of the City's property strategy. Each of these proposals would then lead to specific acquisition and divestment recommendations that would be brought to Council for their review and direction, subject to relevant community consultation where appropriate, before being formally approved or progressed.

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### Cash (Funding) Forecasts

Incorporating the above forecasts for operating results, capital income and expenditure and asset acquisitions and disposals, the City projects cash and investments balances across the ten year period of the Long Term Financial Plan.

The projected balances incorporate cash and investments held by the City. The maturity profile of the City's investment portfolio will be determined on a "needs basis", taking into consideration the short term cash requirements of the City, whilst retaining sufficient cash reserves to fund the Capital Works Program. Consideration is given to the effect on the Unrestricted Current Ratio, a key liquidity measure, and on maximising investment returns earned on surplus cash.

The ratio of current vs non-current cash and investments as at 2022/23 is generally assumed to be consistent throughout the plan, with adjustments made where required by timing of expenditure and projected cash restriction balances.

#### Cash Restrictions

A significant portion of the City's cash and investment reserves is restricted. These restricted balances are forecast in order to ensure that overall cash balances adequately cover the restricted amounts whilst retaining an appropriate level of working capital.

External restrictions represent cash holdings that have not yet been discharged in accordance with the conditions of their receipt.

Internal restrictions are made via Council resolution, generally in order to assign funds to specific projects/purposes or to provide

contingency funds for unanticipated circumstances (e.g. Employee Leave Entitlements).

#### External Restrictions:

**Development Contributions** – 100% of cash Developer Contributions levied under Section 7.11, Section 7.12 and 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 the City 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, including public education programs.

**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.

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

#### Internal Restrictions:

**Public Liability Insurance** – Monies have been restricted for 100% of the provision.

**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.

**Workers Compensation Insurance** – In accordance with actuarial advice, the City restricts funds for 100% of the provision, plus an additional "prudent margin".

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

**Commercial Properties** – Funds from the divestment of excess commercial properties are

## Long Term Financial Plan 2022/23 to 2031/32

set aside to reinvest and continue the revenue stream from (and maintain diversification of) Council's large commercial and investment property portfolio.

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

**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.

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

**Community Facilities** – Cash proceeds from the divestment of properties that no longer fulfil community needs are set aside for the future acquisition or development of property to improved community spaces or replacement facilities that meet future community needs.

**Operational Facilities** – Cash proceeds from the divestment of surplus operational properties are set aside for the future acquisition or development of properties to supplement or replace buildings within the current operational building assets portfolio that provide infrastructure for the operation of the City's services.

**Infrastructure Contingency** – Monies are restricted for the immediate funding of urgent and expensive rectification of historic buildings and ageing infrastructure (e.g. Sydney Town Hall, stormwater works).

**Supported Accommodation Affordable and Diverse Housing Fund** – Proceeds from the sale of selected properties (nominated by Council resolution) are set aside for the future acquisition of land to be utilised in the delivery of additional affordable housing within the City of Sydney LGA.

**Heritage Conservation Fund** – Monies received through the redemption of bank guarantees provided under the Alternative Heritage Floor Space scheme will be restricted, pending the identification of an appropriate option for their disbursement.

Cash balance forecasts per the Long Term Financial Plan are summarised in the financial schedules attached to this document.



Image 23: *Blackwattle Bay*

# Financial Performance Targets

The City has a history of rigorous financial planning, monitoring and reporting, which facilitates a transparent understanding of performance, risks and issues that has served the City well. An early awareness of risks and issues allows the Council and the Executive to amend its plans to mitigate these arising risks and ensure the long term financial sustainability of the City.

This diligence has continued under the Integrated Planning & Reporting (IPR) framework, incorporating input from the other key resourcing strategies of workforce planning, information and communications technology and asset management, and extended to include a longer term forecast horizon.

There are many indicators of financial sustainability. The City continues to develop and monitor a broad suite to ensure that it is aware of any significant concerns to its operational and capital plans. At a high level, the intention at this stage has been to focus on the following industry measures of financial operating sustainability.

## Key Performance Measures

Financial performance measures are reported annually as part of the City's annual financial statements. The City targets above benchmark performance where possible, and the following results are prepared in accordance with Office of Local Government required methodologies. With the exception of the Infrastructure Backlog Ratio, which is a snapshot by year, each ratio reflects a three-year average up to the year shown, commencing with 2022/23. Additional detail on projected performance against these ratios is included with the schedules attached to this Plan.

The projections included below are shown in green where the mandated benchmark level is met/exceeded.

## Sustainability

### Operating Performance Ratio

*(Benchmark: greater than 0%)*

Widely acknowledged within the sector as a core measure of financial sustainability, this ratio essentially measures a Council's Operating Result excluding Capital Grants & Contributions (which are typically tied to delivery of new capital works). Performance at or above benchmark indicates that the City has the ability to internally generate sufficient funding for its ongoing operations.

Projected Performance:

2022/23	2025/26	2028/29	2031/32
(0.07)%	2.10%	2.87%	2.78%

Three-year average performance up to 2022/23 significantly impacted by the pandemic. Forward estimates assume a return to a typical, business-as-usual operating environment over time.

### Own Source Revenue Ratio

*(Benchmark: greater than 60%)*

A measure of fiscal flexibility, Own Source Revenue refers to a Council's ability to raise revenue through its own internal means, thereby reducing reliance on external sources of income and insulating against negative fluctuations in external funding.

Projected Performance:

2022/23	2025/26	2028/29	2031/32
84.47%	87.64%	90.29%	91.16%

The City will continue to perform at levels in excess of the benchmark. Increasing ratios

reflect the anticipated incremental growth of the City’s rating base, relative to other income sources. However, the City will continue to seek a diversified income base, to minimise the burden on ratepayers in funding services and asset delivery.

**Building and Infrastructure Asset Renewal Ratio\***

*(Benchmark: greater than 100%)*

This measure is intended to indicate the extent to which a Council is replenishing the deterioration of its building and infrastructure assets (i.e. renewal expenditure as a proportion of annual depreciation expense). The implication of the benchmark is that a Council’s annual depreciation expense is the indicative level of required annual renewal of its assets.

The mandated use of depreciation in calculating the required level of asset renewal is flawed, as depreciation (an accounting concept) patterns do not necessarily match the decline of asset service potential and should therefore not be used as a benchmark level for asset renewals.

Projected Performance:

2022/23	2025/26	2028/29	2031/32
88.16%	111.85%	103.63%	108.71%

\* The City has utilised calculations of “Required Asset Renewal” from its Asset Management Plan (part of the IPR “suite” of documents) and the ratio projections above reflect this approach.

The City’s Capital Program is expected to generate capital renewal near or above benchmark levels for the entire ten years of the Long Term Financial Plan. The lower projected performance in earlier years of the Plan marks a temporary decline in asset renewal works, as organisational capacity is instead focused on the delivery of significant new assets, particularly during the peak delivery period for Green Square. This is expected to have minimal impact on the assets and their condition. The middle years of the plan project above-benchmark results as delivery capacity is shifted back towards renewal works, before levelling out approximately benchmark level in the later years of the plan.

**Infrastructure and Service Management**

**Infrastructure Backlog Ratio**

*(Benchmark: less than 2%)*

Infrastructure Backlog, in the context of this ratio, refers to an estimated cost to restore the City’s assets to a “satisfactory standard”, typically through renewal works. With renewal cycles that typically take place over the longer term, it is not unusual that some backlog will occur. Maintaining this ratio at lower levels over the long term will indicate that the service capacity of assets is being effectively maintained.

Projected Performance:

2022/23	2025/26	2028/29	2031/32
1.38%	0.87%	0.67%	0.29%

The City’s projected Infrastructure Backlog ratio is subject to future assessments of asset condition, and therefore difficult to predict. However, the ratio result is expected to improve as targeted renewal works (per the City’s asset management plans) are completed. Condition assessments of assets are also completed periodically, in order to better prioritise capital works.

Condition assessment methodology evolves regularly, as does official guidance from the Office of Local Government and the sector generally, regarding the assessment of any identified infrastructure “backlog”.



Image 24: Wayfinding signage

## Long Term Financial Plan 2022/23 to 2031/32

### Asset Maintenance Ratio

(Benchmark: greater than 100%)

The extent to which a Council is adequately maintaining its building and infrastructure asset base is measured by expressing actual (planned) maintenance as a proportion of the “required” maintenance expenditure. A ratio result of greater than 100% will indicate the Council is exceeding its identified requirements in terms of maintenance, which in turn should impact positively upon infrastructure backlog and required renewal levels.

Projected Performance:

2022/23	2025/26	2028/29	2031/32
98.25%	98.84%	100.99%	102.84%

*Projections shown are within acceptable tolerance*

This Long Term Financial Plan, in conjunction with the Asset Management Plan, addresses identified asset maintenance requirements. Maintenance budgets over the life of the plan are forecast to meet benchmark levels as maintenance requirements increase with a growing asset base. Maintenance levels are also considered in conjunction with infrastructure backlog and required asset renewal expenditure levels over time.

### Debt Service Ratio

(Benchmark: greater than 0, less than 0.2)

The effective use of debt may assist in the management of “intergenerational equity” and help to ensure that excessive burden is not placed on a single generation of a Council’s ratepayers to fund the delivery of long term infrastructure and assets. Other strategies, not reflected in this performance measure, may also achieve an equivalent outcome, and a consistent program of capital delivery will also alleviate the need to excessively burden a particular set of ratepayers.

Projected Performance:

2022/23	2025/26	2028/29	2031/32
0.00%	0.00%	0.00%	0.00%

Whilst the benchmark for this ratio requires a council to utilise at least some debt, the City’s history of sound, prudent financial management has resulted in the accumulation of cash

reserves and underlying operating surpluses. This Long Term Financial Plan details the effective utilisation of these funds, facilitating the delivery of the ten year capital program without the utilisation of borrowings.

Should circumstances change over the life of the Plan, the City will consider the use of debt, where appropriate, in delivering key projects. This may also encompass the use of internal borrowings, where restricted funds are not required for their specific purpose in the short to medium term.

## Efficiency

### Real Operating Expenditure per Capita

(Benchmark: less than 2%)

Whilst the difficulty of adequately measuring public sector efficiency is widely acknowledged within the Local Government sector, this measure nevertheless attempts to reflect the extent to which a Council provides “value for money” through savings in underlying (inflation-adjusted) operating expenditure over time, relative to the population serviced.

Projected Performance:

2022/23	2025/26	2028/29	2031/32
Declining Trend	Declining Trend	Declining Trend	Declining Trend

The City’s continued strong financial controls are expected to result in better-than-benchmark performance over the ten years of the Plan. This reflects continued efficiency in providing new infrastructure, facilities and services to a growing residential population.

The City continues to argue for a measure that is reflective of the much larger population that utilise its services, infrastructure and facilities, including workers, students and visitors.

## Other Key Performance Indicators

### Operating Surplus

The City is targeting an Operational Surplus (excluding capital income, interest earnings and depreciation expense) of \$121.0M for 2022/23

which is achievable and aligns with current performance levels. Along with interest earnings and capital contributions, this will generate funding of around \$186.3M in 2022/23, to be utilised in funding the forecast capital expenditure and asset acquisition programs. Longer term trends will see annual Operational Surpluses of \$140.0M or more, with internally generated capital funding averaging around \$186.0M annually.

Performance against this target is monitored monthly by the Executive and reported on a quarterly basis to the Council and the public community.

**Cash Reserves**

The City ensures in its planning process that it holds sufficient cash reserves to satisfy all of its legislative requirements (or external restrictions) as well as the internal restrictions (employee liabilities etc) that it has elected to set aside to ensure prudent financial controls. This minimum total has typically been between \$180.0M - \$200.0M.

Figure 3 below illustrates the City’s cash balances as forecast over the next ten year period. Read in conjunction with the projected Unrestricted Current Ratio, it indicates potential future liquidity challenges as a result of the ongoing Covid-19 disruption. Sustainable liquidity levels are anticipated to return over the period of the Plan, allowing the City to meet its obligations and deliver its capital program whilst maintaining operational service levels.

Fluctuations of projected cash balances are largely a consequence of projected proceeds

from the divestment of surplus City-owned properties, and also significant capital works program expenditure.

**Supplementary Performance Indicators**

The Local Government Code of Accounting Practice and Financial Reporting (2020/21 financial year) prescribes a series of performance indicators to be compulsorily reported. The City uses these indicators (and respective benchmarks) as key parameters in the financial planning process. These mandated ratios incorporate those included within Fit for the Future, and some additional indicators as detailed below. The ratios (and brief descriptions of their purpose) are as follows:

**Unrestricted Current Ratio (Liquidity)**

*(Benchmark 1 – 1.5 or higher)*

The Unrestricted Current Ratio is specific to local government, measuring the adequacy of the City’s liquid working capital and its ability to satisfy its financial obligations as they fall due in the short term.

Restrictions placed on various funding sources (e.g. development contributions) complicate the traditional current ratio used to assess liquidity of businesses as cash allocated to specific projects is restricted and cannot be used to meet a Council’s other operating and borrowing





## Long Term Financial Plan 2022/23 to 2031/32

costs. The City's ratio was 3.95 for the 2020/21 financial year, reflecting cash reserves accumulated by the City in preparation for initiatives and major projects now underway.

Projected Performance:

2022/23	2025/26	2028/29	2031/32
1.80 : 1	1.82 : 1	1.68 : 1	1.51 : 1

The current (and projected) disruption associated with Covid-19 has negatively impacted the City's forecast cash position, which in turn has had a negative impact on the current ratio. However, budget adjustments made in response to Covid-19 and a return to long term average financial performance over time will ensure that the current ratio remains above benchmark for the ten years of the plan. Reductions in later years reflect the utilisation of cash balances in delivering major capital works initiatives.

### Capital Expenditure Ratio

*(Benchmark > 1.1)*

This indicates the extent to which a Council is forecasting to expand its asset base with capital expenditure spent on both new assets, and replacement and renewal of existing assets. The benchmark is greater than 1.1.

The City questions the value of this ratio as an indicator of financial performance, given the disconnect between depreciation (a retrospective measure) and capital expenditure based on identified future need. Variable annual capital expenditure may also distort the ratio.

Projected Performance:

2022/23	2025/26	2028/29	2031/32
1.99 : 1	1.83 : 1	1.65 : 1	1.60 : 1

### Cash Expense Cover Ratio

*(Benchmark > 3 months)*

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow. The benchmark is greater than 3 months.

City staff actively monitor cash flow requirements and manage the maturity profile of investments to meet liquidity requirements. During the period of uncertainty associated with Covid-19, additional priority has been given to ensuring high liquidity levels are maintained within the investment portfolio.

### Debt Service Coverage Ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments. The benchmark is greater than 2. As the City has forecast to remain debt-free over the ten year period of the Resourcing Strategy, this ratio is not applicable.

### Interest Cover Ratio

This ratio indicates the extent to which a Council can service its interest bearing debt and take on additional borrowings. It measures the burden of current interest expense upon a Council's operating cash. The benchmark is greater than 4. As the City has forecast to remain debt-free over the ten year period of the Resourcing Strategy, this ratio will not be applicable.

### Rates and Charges Outstanding Percentage

This measure indicates a Council's success at recovering its annual rates and charges, with higher percentages of outstanding debts indicating a potential threat to Council's working capital and liquidity.

Whilst this ratio is not a mandatory financial performance measure, the Office of Local Government has previously advised a benchmark of a maximum 5% for metropolitan councils (8% for rural councils). The City maintains a low outstanding rates and charges ratio, usually well below the 5% benchmark for metropolitan councils. The City continues to monitor performance in collection of rates as a key measure of efficient financial management.

The deferment of quarterly instalment of rate payments has been relatively low, nevertheless, a return to long term averages (i.e. outperforming benchmark) is anticipated over the mid to long term.

# Long Term Financial Schedules and Scenario Modelling

The City has produced a number of financial reports to demonstrate its plans and commitments over the ten year horizon of the Long Term Financial Plan.

The following briefly describes these schedules and any assumptions have not been previously discussed throughout the body of the plan.

Additional alternative schedules have been presented for the Income Statement and Cash Flow Forecast, to reflect potential scenarios associated with recovery from the Covid-19 pandemic.

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## Income and Expenditure (Income Statement)

Income & Expenditure Statements have been provided at summary and detailed level to reflect the City's ten year operational plan, including the 2022/23 budget and future years' forward estimates.

The summary report provides a high level overview, accords with the discussion in this plan, and aligns to the required Annual Financial Reports format.

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## Scenario Modelling

The 'base case' assumes that the Additional Special Variation to rates income submitted in April 2022 is approved by the Minister for Local Government.

Beyond the base case modelled in the main financial schedules, supplementary Income Statement schedules have been included, modelling additional scenarios related to:

1. variations to Additional Special Variation to rates income not being approved in line with expectations (note scenario 1a and 1b)
2. prolonged impact from the Covid-19 pandemic. Whilst the base case largely reflects a recovery from the worst of the pandemic, this second additional scenario has modelled longer term structural impacts on key income sources:
  - commercial property leasing and licencing income
  - street furniture advertising income
  - venue and facility hire
  - associated impact on investment revenue

Additional income and expenditure reports then provide more detailed information for the base case:

- By main income and expenditure type
- By the City's organisational structure; and
- Distributed by the City's principal activities

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## Capital Works

The Capital Works budget within the Long Term Financial Plan identifies each major project, rolling program and future project provision over the course of the ten year planning horizon.

The proposed Capital Works program includes a total of \$1,862.3M comprising Asset Enhancement programs of \$884.2M, Asset Renewal programs of \$968.1M and a Capital Contingency sum of \$10.0M.

## Balance Sheet (Statement of Financial Position)

The Balance Sheet reflects the City’s financial assets, liabilities and equity over the ten years of the plan.

The ten year balance sheet reflects movements in cash and investments levels, the acquisition and divestment of assets and estimated movements in employee leave provisions, accounts payable and accounts receivable.

Achieving this cash forecast is critical to ensuring the sustainability of the Long Term Financial Plan, and as such it will be one of the key measures that is regularly monitored and reviewed over the life of the plan.

As with the Income Statement, additional Cash Flow schedules have been included, modelling the same additional scenarios related to potential further Covid-19 impacts.

## Cash Flow Forecast

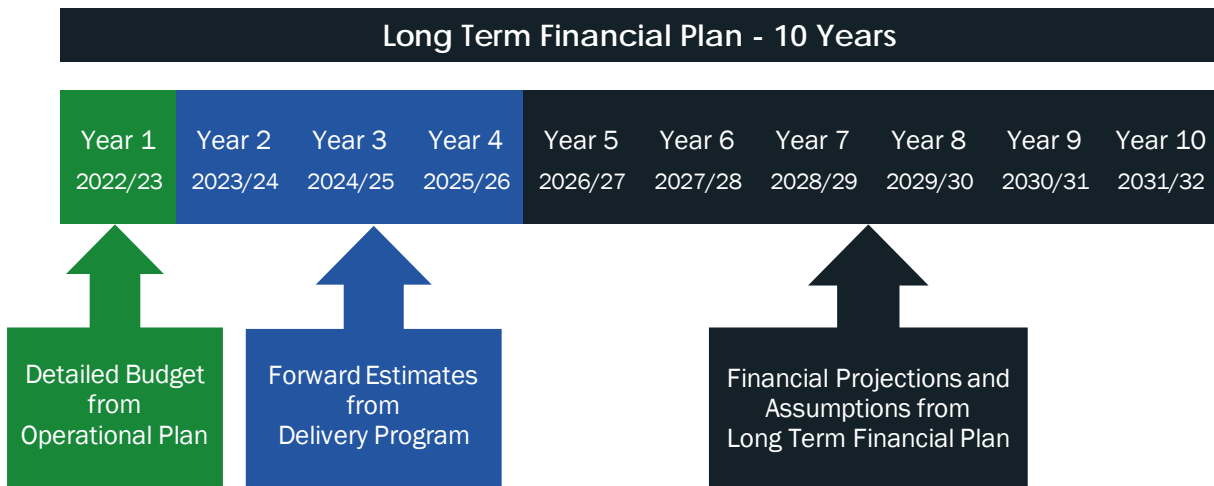
The Cash flow Forecast takes the Net Surplus result from the Income & Expenditure Statement, adjusts for non-cash transactional movements and allows for the Capital Expenditure program to forecast the movements in the City’s total Cash Reserves.

## Office of Local Government Performance Measures

Projections relating to key performance measures are included in graphical format to provide additional context and to indicate performance trends over the period of the Plan.

Consistent with the requirements of the Office of Local Government, the Long Term Financial Plan projects financial forecasts for the City for ten years, and is updated annually as part of the development of the Operational Plan.

Figure 4: Ten year timeframe



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## Long Term Financial Plan 2022/23 to 2031/23

### City of Sydney Income Statement

	\$'M	2022/23	2023/24	2024/25	2025/26	4 Year Total	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	10 Year Total
<b>Income from Continuing Operations</b>													
Rates & Annual Charges		387.5	397.3	407.3	422.6	1,614.7	433.4	444.5	456.0	467.8	480.0	492.6	4,389.1
Fees		126.9	126.8	128.0	131.4	513.0	134.9	139.7	144.6	148.5	152.5	156.6	1,389.8
Interest Income		7.5	6.4	6.5	8.7	29.1	9.0	8.2	9.5	9.6	8.2	8.0	81.5
Other Income		118.8	131.3	138.7	143.2	531.9	137.4	146.9	156.7	162.9	157.8	162.7	1,456.3
Grants and Contributions provided for Capital Purposes		68.9	93.7	84.8	60.0	307.3	56.8	60.8	66.5	60.4	56.7	57.7	666.2
Grants and Contributions provided for Operating Purposes		18.0	16.4	16.8	17.2	68.5	17.7	18.1	18.6	19.0	19.5	20.0	181.4
<b>Total Income from Continuing Operations</b>		<b>727.4</b>	<b>771.9</b>	<b>782.2</b>	<b>783.1</b>	<b>3,064.6</b>	<b>789.1</b>	<b>818.2</b>	<b>851.8</b>	<b>868.3</b>	<b>874.6</b>	<b>897.7</b>	<b>8,164.3</b>
<b>Expenses from Continuing Operations</b>													
Employee		256.2	263.8	270.9	277.8	1,068.8	286.3	292.4	300.7	309.3	318.5	328.9	2,904.9
Borrowing		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials and Services		140.3	142.2	148.2	152.0	582.7	156.6	162.5	167.4	172.5	177.8	182.9	1,602.4
Depreciation Expense		114.4	115.9	117.5	119.2	466.9	120.5	122.5	124.3	125.6	127.7	129.7	1,217.2
Other Expenditure		139.4	145.1	151.1	150.8	586.4	153.4	158.2	165.0	171.4	173.7	179.3	1,587.4
<b>Total Expenses from Continuing Operations</b>		<b>650.3</b>	<b>667.1</b>	<b>687.7</b>	<b>699.8</b>	<b>2,704.9</b>	<b>716.8</b>	<b>735.6</b>	<b>757.5</b>	<b>778.7</b>	<b>797.7</b>	<b>820.7</b>	<b>7,311.9</b>
<b>Net Operating Result for the Year</b>		<b>77.1</b>	<b>104.8</b>	<b>94.5</b>	<b>83.3</b>	<b>359.7</b>	<b>72.3</b>	<b>82.6</b>	<b>94.3</b>	<b>89.5</b>	<b>76.9</b>	<b>77.0</b>	<b>852.4</b>

### Budgeted Income Statement

The above Income Statement (and other financial schedules) reflect the City's "base case" Net Operating Result, incorporating ongoing financial impacts of Covid-19 (and subsequent recovery) on the City's operations as detailed in the Long Term Financial Plan. Scenarios reflecting extended impacts of Covid-19 on key income streams have also been modelled and are included after the "base case" scenario financial schedules.

The City's budgeted Income Statement (and future year projections) is prepared with regard to International Financial Reporting Standards (AIFRS) and the NSW Office of Local Government's Code of Accounting Practice and Financial Reporting. The formatting of the statement above reflects this approach.

Major non-cash items that may impact the City's financial results include:

- the incremental increase / decrease arising from the annual market revaluation of the City's investment properties
- the initial recognition of transferable Heritage Floor Space (HFS) rights

These items will have no initial impact upon the budgeted funds available for the Council and are therefore excluded from the annual budget and future years' financial estimates. Expected realisation of these assets through anticipated sale/divestment is reflected in forward estimates as applicable.

**City of Sydney**  
Detailed Income and Expenditure

Long Term Financial Plan 2022/23 to 2031/23

	\$'M	2022/23	2023/24	2024/25	2025/26	4 Year Total	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	10 Year Total
<b>Operating Income</b>													
Advertising Income		17.5	18.0	18.5	19.1	73.0	19.6	20.2	20.8	21.4	22.1	22.7	199.8
Annual Charges		66.5	68.3	70.1	76.9	281.8	79.1	81.4	83.8	86.4	89.0	91.9	793.5
Aquatic Facilities Income		0.1	0.1	0.1	0.1	0.5	0.1	0.1	0.1	0.2	0.2	0.2	1.4
Building & Development Application Income		6.0	6.1	6.3	6.5	24.9	6.7	6.9	7.1	7.3	7.5	7.8	68.3
Building Certificate		1.4	1.5	1.5	1.5	5.9	1.6	1.6	1.7	1.7	1.8	1.8	16.1
Child Care Fees		1.6	1.7	1.7	1.8	6.8	1.8	1.9	1.9	2.0	2.1	2.1	18.6
Commercial Properties		68.7	77.7	83.1	86.0	315.5	78.5	86.4	94.4	98.9	91.8	94.9	860.4
Community Properties		11.5	12.9	13.2	13.6	51.2	14.0	14.4	14.8	15.2	15.6	16.0	141.0
Enforcement Income		37.9	39.1	40.2	41.4	158.6	42.7	44.0	45.3	46.6	48.0	49.5	434.7
Footway Licences		0.0	1.0	1.5	1.5	4.0	1.5	1.5	1.5	1.5	1.5	1.5	13.0
Grants and Contributions		10.9	9.1	9.3	9.5	38.7	9.7	9.9	10.1	10.3	10.5	10.8	100.0
Grants - Financial Assistance Grants		7.1	7.3	7.5	7.8	29.7	8.0	8.2	8.5	8.7	9.0	9.3	81.5
Health Related Income		1.8	1.8	1.9	2.0	7.5	2.0	2.1	2.1	2.2	2.3	2.3	20.5
Library Income		0.1	0.1	0.1	0.1	0.4	0.1	0.1	0.1	0.1	0.1	0.1	1.0
Other Building Fees		11.6	11.6	11.8	12.1	47.0	12.5	12.8	13.2	13.6	14.0	14.5	127.7
Other Fees		3.4	3.9	4.0	4.1	15.4	4.2	4.3	4.5	4.6	4.7	4.8	42.6
Other Income		0.6	0.6	0.7	0.7	2.6	0.7	0.7	0.7	0.8	0.8	0.8	7.1
Parking Meter Income		39.3	40.1	40.9	41.7	162.0	42.5	43.4	44.3	45.1	46.0	47.0	430.3
Parking Station Income		10.2	9.5	8.7	9.0	37.3	9.2	10.7	12.2	12.5	12.9	13.3	108.2
Private Work Income		5.7	5.9	6.1	6.3	24.0	6.5	6.7	6.9	7.1	7.3	7.5	65.8
Rates - Business CBD		172.5	176.7	181.2	185.7	716.2	190.4	195.1	200.0	205.0	210.1	215.4	1,932.2
Rates - Business Other		67.0	68.8	70.5	72.3	278.5	74.1	75.9	77.8	79.8	81.7	83.8	751.6
Rates - Residential		81.5	83.5	85.6	87.7	338.2	89.9	92.1	94.4	96.7	99.1	101.5	911.9
Sponsorship Income		0.4	0.4	0.5	0.5	1.8	0.5	0.5	0.5	0.5	0.5	0.6	4.9
Venue/Facility Income		10.0	10.3	10.6	10.9	41.7	11.2	11.6	11.9	12.3	12.6	13.0	114.3
Work Zone		16.3	14.3	13.8	14.2	58.4	14.6	15.0	15.5	15.9	16.4	16.9	152.9
Value in Kind - Revenue		1.5	1.6	1.6	1.6	6.3	1.7	1.7	1.8	1.9	1.9	2.0	17.3
<b>Total Operating Income</b>		<b>651.1</b>	<b>671.8</b>	<b>690.9</b>	<b>714.4</b>	<b>2,728.2</b>	<b>723.4</b>	<b>749.2</b>	<b>775.9</b>	<b>798.3</b>	<b>809.7</b>	<b>831.9</b>	<b>7,416.6</b>
<b>Operating Expenditure</b>													
Salaries and Wages		202.1	208.8	214.3	219.6	844.7	225.6	231.8	238.2	244.9	252.2	259.7	2,297.1
Other Employee Related Costs		1.5	1.5	1.6	1.6	6.2	1.7	1.7	1.8	1.8	1.9	1.9	17.0
Employee Oncosts		7.6	7.8	8.0	8.2	31.7	8.5	8.8	9.0	9.3	9.6	9.9	86.7
Agency Contract Staff		12.7	12.4	12.9	13.2	51.2	14.3	14.0	14.5	14.9	15.3	16.6	140.8
Superannuation		23.9	24.6	25.2	25.9	99.6	26.7	26.4	27.2	28.0	28.8	29.7	266.5
Travelling		0.2	0.2	0.2	0.2	0.7	0.2	0.2	0.2	0.2	0.2	0.2	1.9
Workers Compensation Insurance		6.5	6.7	6.9	7.1	27.2	7.3	7.5	7.8	8.0	8.2	8.5	74.5
Fringe Benefit Tax		0.6	0.6	0.6	0.7	2.5	0.7	0.7	0.7	0.7	0.8	0.8	6.9
Training Costs (excluding salaries)		1.2	1.2	1.2	1.3	4.9	1.3	1.4	1.4	1.4	1.5	1.5	13.5
<b>Salary Expense</b>		<b>256.2</b>	<b>263.8</b>	<b>270.9</b>	<b>277.8</b>	<b>1,103.8</b>	<b>286.3</b>	<b>292.4</b>	<b>300.7</b>	<b>309.3</b>	<b>318.5</b>	<b>328.9</b>	<b>2,904.9</b>

**City of Sydney**  
Detailed Income and Expenditure

Long Term Financial Plan 2022/23 to 2031/23

	\$'M	2022/23	2023/24	2024/25	2025/26	4 Year Total	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	10 Year Total
<b>Operating Expenditure</b> (continued)													
Bad & Doubtful Debts		0.5	0.5	0.5	0.5	2.0	0.5	0.5	0.5	0.5	0.5	0.5	5.0
Consultancies		5.3	5.4	5.6	5.8	22.0	5.9	6.1	6.3	6.5	6.7	6.9	60.3
Enforcement & Infringement Costs		8.4	8.7	8.9	9.2	35.2	9.5	9.8	10.0	10.3	10.7	11.0	96.5
Event Related Expenditure		14.4	14.9	15.3	10.3	54.9	10.6	10.9	11.2	11.6	11.9	12.3	123.4
Expenditure Recovered		(4.0)	(4.1)	(4.3)	(4.4)	(16.8)	(4.5)	(4.7)	(4.8)	(4.9)	(5.1)	(5.2)	(46.1)
Facility Management		12.5	11.7	11.9	11.5	47.5	11.7	12.0	12.3	12.5	12.8	13.1	121.9
General Advertising		1.1	1.1	1.2	1.2	4.6	1.2	1.3	1.3	1.3	1.4	1.4	12.5
Governance		1.8	1.8	3.3	1.9	8.8	2.0	2.0	3.7	2.2	2.2	2.3	23.1
Government Authority Charges		7.4	7.7	7.9	8.1	31.1	8.4	8.6	8.9	9.1	9.4	9.7	85.3
Grants, Sponsorships and Donations		24.7	23.1	23.9	26.7	98.4	25.5	26.3	27.2	31.0	28.9	29.9	267.1
Infrastructure Maintenance		44.1	45.4	47.8	49.2	186.4	50.7	52.7	54.3	55.9	57.8	59.6	517.3
Insurance		5.9	6.2	6.4	6.7	25.2	6.9	7.2	7.5	7.8	8.1	8.4	71.2
IT Related Expenditure		15.3	15.8	16.3	16.8	64.2	17.3	17.8	18.3	18.9	19.4	20.0	175.9
Legal Fees		3.2	3.3	3.4	3.5	13.3	3.6	3.7	3.8	3.9	4.0	4.2	36.6
Operational Contingencies		4.5	4.5	4.5	4.5	18.0	4.5	4.5	4.5	4.5	4.5	4.5	45.0
Other Asset Maintenance		3.6	3.7	3.8	3.9	14.9	4.0	4.1	4.3	4.4	4.5	4.6	40.8
Other Operating Expenditure		10.1	10.4	10.7	11.0	42.1	11.3	11.7	12.0	12.4	12.8	13.1	115.5
Postage & Couriers		1.3	1.3	1.4	1.4	5.4	1.4	1.5	1.5	1.6	1.6	1.7	14.8
Printing & Stationery		1.3	1.3	1.5	1.4	5.5	1.4	1.5	1.7	1.6	1.6	1.7	15.0
Project Management & Other Project Costs		1.1	1.2	1.2	1.2	4.7	1.3	1.3	1.3	1.4	1.4	1.5	12.8
Property Related Expenditure		39.7	40.9	42.6	43.9	167.0	45.2	46.8	48.2	49.7	51.3	52.8	461.0
Service Contracts		23.2	23.0	24.1	25.1	95.3	26.1	27.5	28.6	29.7	30.5	31.4	269.1
Stores & Materials		4.0	4.2	4.3	4.4	16.9	4.6	4.7	4.8	5.0	5.1	5.3	46.4
Surveys & Studies		2.3	2.4	2.4	2.5	9.6	2.6	2.7	2.7	2.8	2.9	3.0	26.2
Telephone Charges		2.6	2.7	2.8	2.8	10.9	2.9	3.0	3.1	3.2	3.3	3.4	29.8
Utilities		12.3	12.7	13.1	13.5	51.6	13.9	14.3	14.7	15.2	15.6	16.1	141.5
Vehicle Maintenance		2.5	2.5	2.6	2.7	10.3	2.8	2.8	2.9	3.0	3.1	3.2	28.1
Waste Disposal Charges		23.4	24.3	25.3	26.3	99.3	27.4	28.5	29.6	30.8	32.0	33.3	280.8
Value in Kind - Expenditure		1.5	1.6	1.6	1.6	6.3	1.7	1.7	1.8	1.9	1.9	2.0	17.3
<b>Expenditure</b>		<b>273.9</b>	<b>277.9</b>	<b>289.7</b>	<b>293.1</b>	<b>1,134.6</b>	<b>300.3</b>	<b>310.8</b>	<b>322.4</b>	<b>333.6</b>	<b>341.1</b>	<b>351.5</b>	<b>3,094.2</b>
<b>Total Operating Expenditure (Excl Depreciation)</b>		<b>530.1</b>	<b>541.7</b>	<b>560.7</b>	<b>570.9</b>	<b>2,203.4</b>	<b>586.6</b>	<b>603.2</b>	<b>623.1</b>	<b>642.9</b>	<b>659.6</b>	<b>680.4</b>	<b>5,999.1</b>
<b>Operating Result (Before Depreciation, Interest, Capital-Related Costs and Capital Income)</b>		<b>121.0</b>	<b>130.1</b>	<b>130.2</b>	<b>143.5</b>	<b>524.8</b>	<b>136.8</b>	<b>146.0</b>	<b>152.8</b>	<b>155.4</b>	<b>150.1</b>	<b>151.6</b>	<b>1,417.5</b>

Long Term Financial Plan 2022/23 to 2031/23

	\$'M	2022/23	2023/24	2024/25	2025/26	4 Year Total	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	10 Year Total
<b>Operating Result</b>		<b>121.0</b>	<b>130.1</b>	<b>130.2</b>	<b>143.5</b>	<b>524.8</b>	<b>136.8</b>	<b>146.0</b>	<b>152.8</b>	<b>155.4</b>	<b>150.1</b>	<b>151.6</b>	<b>1,417.5</b>
<b>Add Additional Income:</b>													
Interest		7.5	6.4	6.5	8.7	29.1	9.0	8.2	9.5	9.6	8.2	8.0	81.5
Grants and Contributions provided for Capital Purposes		68.9	93.7	84.8	60.0	307.3	56.8	60.8	66.5	60.4	56.7	57.7	666.2
<b>Less Additional Expenses:</b>													
Capital Project Related Costs		5.8	9.5	9.5	9.8	34.6	9.8	10.0	10.1	10.3	10.4	10.7	95.7
Depreciation Expense		114.4	115.9	117.5	119.2	466.9	120.5	122.5	124.3	125.6	127.7	129.7	1,217.2
<b>Net Operating Result - Surplus/(Deficit)</b>		<b>77.1</b>	<b>104.8</b>	<b>94.5</b>	<b>83.3</b>	<b>359.7</b>	<b>72.3</b>	<b>82.6</b>	<b>94.3</b>	<b>89.5</b>	<b>76.9</b>	<b>77.0</b>	<b>852.4</b>



## Long Term Financial Plan 2022/23 to 2031/23

### City of Sydney

#### Operating Budget

#### Organisation Summary - Operating Result (Before Depreciation, Interest, Capital-Related Costs and Capital Income)

	2022/23			2023/24	2024/25	2025/26	4 Year Total	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	10 Year Total
	\$M	Income	Expenditure	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)
<b>City Life</b>	<b>23.2</b>	<b>100.0</b>	<b>(76.8)</b>	<b>(76.5)</b>	<b>(78.8)</b>	<b>(77.6)</b>	<b>(309.8)</b>	<b>(78.0)</b>	<b>(80.4)</b>	<b>(82.8)</b>	<b>(88.4)</b>	<b>(88.0)</b>	<b>(90.8)</b>	<b>(818.2)</b>
Creative City	1.4	35.7	(34.2)	(35.2)	(36.2)	(31.8)	(137.5)	(32.8)	(33.8)	(34.8)	(35.8)	(36.9)	(38.0)	(349.4)
Grants & Sponsorship	0.1	26.3	(26.2)	(24.7)	(25.5)	(28.3)	(104.7)	(27.2)	(28.1)	(29.0)	(32.9)	(30.9)	(31.8)	(284.5)
Venue Management	11.3	7.1	4.2	4.7	4.8	4.9	18.5	5.1	5.2	5.4	5.5	5.7	5.8	51.2
Social City	8.1	21.2	(13.1)	(13.4)	(13.8)	(14.2)	(54.5)	(14.6)	(15.0)	(15.5)	(16.0)	(16.4)	(16.9)	(149.0)
City Business & Safety	2.0	5.3	(3.3)	(3.5)	(3.6)	(3.7)	(14.2)	(3.8)	(3.9)	(4.1)	(4.2)	(4.3)	(4.4)	(38.9)
City Life Management	0.0	2.1	(2.1)	(2.2)	(2.2)	(2.3)	(8.7)	(2.3)	(2.4)	(2.4)	(2.4)	(2.5)	(2.6)	(23.3)
Sustainability Programs	0.2	2.3	(2.1)	(2.2)	(2.2)	(2.3)	(8.8)	(2.4)	(2.4)	(2.5)	(2.6)	(2.7)	(2.8)	(24.2)
<b>City Services</b>	<b>136.4</b>	<b>203.2</b>	<b>(66.8)</b>	<b>(72.6)</b>	<b>(77.8)</b>	<b>(79.7)</b>	<b>(296.9)</b>	<b>(82.5)</b>	<b>(85.0)</b>	<b>(86.8)</b>	<b>(89.9)</b>	<b>(93.5)</b>	<b>(97.0)</b>	<b>(831.6)</b>
Security & Emergency Management	3.6	6.8	(3.2)	(3.3)	(3.4)	(3.5)	(13.4)	(3.6)	(3.7)	(3.8)	(3.9)	(4.0)	(4.2)	(36.5)
City Rangers	37.8	26.2	11.6	12.0	12.4	12.8	48.8	13.2	13.6	14.0	14.4	14.8	15.3	134.0
Parking & Fleet Services	49.5	16.1	33.5	33.1	32.6	33.2	132.3	33.7	35.5	37.3	38.0	38.7	39.3	354.9
City Greening & Leisure	1.6	43.2	(41.6)	(42.6)	(44.2)	(44.7)	(173.1)	(45.9)	(47.7)	(49.0)	(50.4)	(51.9)	(53.3)	(471.3)
City Services Management	0.0	0.5	(0.5)	(0.5)	(0.3)	(0.1)	(1.4)	0.1	0.3	0.5	0.7	0.7	0.8	1.8
City Services Strategy	0.0	0.8	(0.8)	(0.9)	(0.9)	(0.9)	(3.5)	(0.9)	(1.0)	(1.0)	(1.0)	(1.1)	(1.1)	(9.6)
City Infrastructure & Traffic Operations (CITO)	42.9	40.3	2.6	0.2	(1.2)	(1.3)	0.3	(1.4)	(1.7)	(1.8)	(1.9)	(2.2)	(2.3)	(10.9)
Cleansing & Waste	1.0	69.3	(68.3)	(70.5)	(72.8)	(75.2)	(286.9)	(77.7)	(80.3)	(83.0)	(85.8)	(88.6)	(91.6)	(793.9)
<b>City Planning Development &amp; Transport</b>	<b>19.8</b>	<b>38.4</b>	<b>(18.7)</b>	<b>(19.4)</b>	<b>(20.1)</b>	<b>(20.6)</b>	<b>(78.8)</b>	<b>(21.3)</b>	<b>(21.9)</b>	<b>(22.6)</b>	<b>(23.2)</b>	<b>(23.9)</b>	<b>(24.7)</b>	<b>(216.4)</b>
Health & Building	2.2	14.8	(12.5)	(12.8)	(13.2)	(13.6)	(52.1)	(14.0)	(14.4)	(14.8)	(15.3)	(15.7)	(16.2)	(142.4)
Construction & Building Certification Services	10.8	2.9	7.8	7.8	7.8	8.1	31.5	8.3	8.5	8.8	9.1	9.3	9.6	85.2
Planning Assessments	5.9	14.7	(8.7)	(8.9)	(9.2)	(9.4)	(36.2)	(9.7)	(10.0)	(10.3)	(10.6)	(10.9)	(11.2)	(98.9)
Strategic Planning & Urban Design	0.8	6.1	(5.3)	(5.4)	(5.6)	(5.7)	(22.0)	(5.9)	(6.1)	(6.3)	(6.5)	(6.6)	(6.8)	(60.2)
<b>Chief Operations Office</b>	<b>80.5</b>	<b>89.6</b>	<b>(9.1)</b>	<b>(0.4)</b>	<b>2.7</b>	<b>3.2</b>	<b>(3.6)</b>	<b>(6.8)</b>	<b>(1.8)</b>	<b>3.4</b>	<b>5.1</b>	<b>(5.0)</b>	<b>(4.9)</b>	<b>(13.6)</b>
Chief Operations Office	0.0	0.9	(0.9)	(0.9)	(0.9)	(0.9)	(3.5)	(0.9)	(0.9)	(0.9)	(1.0)	(1.0)	(1.0)	(9.2)
City Property	80.5	66.0	14.5	23.8	27.5	28.7	94.5	19.4	25.2	31.3	33.8	24.6	25.5	254.2
City Design	0.0	4.3	(4.3)	(4.4)	(4.5)	(4.7)	(17.9)	(4.8)	(4.9)	(5.1)	(5.2)	(5.4)	(5.6)	(48.9)
Infrastructure, Sustainability and Performance	0.0	1.8	(1.8)	(1.8)	(1.9)	(2.0)	(7.5)	(2.0)	(2.1)	(2.1)	(2.2)	(2.3)	(2.3)	(20.5)
Asset Strategy & Systems	0.0	0.8	(0.8)	(0.8)	(0.9)	(0.9)	(3.4)	(0.9)	(1.0)	(1.0)	(1.0)	(1.0)	(1.1)	(9.4)
Green Infrastructure	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Green Square	0.0	0.7	(0.7)	(0.7)	(0.8)	(0.8)	(3.0)	(0.8)	(0.8)	(0.8)	(0.9)	(0.9)	(0.9)	(8.1)
City Transformation	0.0	0.2	(0.2)	(0.2)	(0.2)	(0.2)	(0.8)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(2.2)
City Access	0.1	4.5	(4.5)	(4.6)	(4.7)	(4.9)	(18.6)	(5.0)	(5.1)	(5.3)	(5.5)	(5.6)	(5.8)	(51.0)
CPP - Development & Strategy	0.0	4.2	(4.2)	(4.3)	(4.5)	(4.6)	(17.6)	(4.7)	(4.9)	(5.0)	(5.2)	(5.3)	(5.5)	(48.3)
CPP - Professional Services	0.0	4.7	(4.7)	(4.9)	(5.0)	(5.1)	(19.7)	(5.3)	(5.4)	(5.6)	(5.8)	(5.9)	(6.1)	(53.9)
CPP - Infrastructure Delivery	0.0	1.1	(1.1)	(1.1)	(1.1)	(1.2)	(4.5)	(1.2)	(1.2)	(1.3)	(1.3)	(1.4)	(1.4)	(12.4)
Project Management Office	0.0	0.3	(0.3)	(0.4)	(0.4)	(0.4)	(1.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(3.9)

## Long Term Financial Plan 2022/23 to 2031/23

### City of Sydney

#### Operating Budget

#### Organisation Summary - Operating Result (Before Depreciation, Interest, Capital-Related Costs and Capital Income)

	2022/23			2023/24	2024/25	2025/26	4 Year Total	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	10 Year Total
	\$M	Income	Expenditure	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)
<b>Chief Executive Office</b>	<b>0.0</b>	<b>9.6</b>	<b>(9.6)</b>	<b>(9.9)</b>	<b>(10.2)</b>	<b>(10.4)</b>	<b>(40.1)</b>	<b>(10.8)</b>	<b>(11.1)</b>	<b>(11.4)</b>	<b>(11.8)</b>	<b>(12.1)</b>	<b>(12.5)</b>	<b>(109.7)</b>
Office of the Lord Mayor	0.0	3.9	(3.9)	(4.0)	(4.1)	(4.2)	(16.2)	(4.3)	(4.5)	(4.6)	(4.7)	(4.9)	(5.0)	(44.3)
Secretariat	0.0	1.8	(1.8)	(1.8)	(1.9)	(1.9)	(7.4)	(2.0)	(2.1)	(2.1)	(2.2)	(2.2)	(2.3)	(20.3)
Councillor Support	0.0	2.2	(2.2)	(2.3)	(2.3)	(2.4)	(9.3)	(2.5)	(2.6)	(2.6)	(2.7)	(2.8)	(2.9)	(25.3)
Chief Executive Office	0.0	1.7	(1.7)	(1.8)	(1.8)	(1.9)	(7.2)	(1.9)	(2.0)	(2.1)	(2.1)	(2.2)	(2.2)	(19.7)
<b>Strategy, Engagement &amp; Communications</b>	<b>0.8</b>	<b>19.5</b>	<b>(18.7)</b>	<b>(18.6)</b>	<b>(19.1)</b>	<b>(19.7)</b>	<b>(76.1)</b>	<b>(21.0)</b>	<b>(20.9)</b>	<b>(21.6)</b>	<b>(22.3)</b>	<b>(23.0)</b>	<b>(24.5)</b>	<b>(209.4)</b>
Strategy, Engagement & Communications	0.1	13.6	(13.5)	(13.2)	(13.6)	(14.0)	(54.3)	(15.1)	(14.8)	(15.3)	(15.7)	(16.2)	(17.5)	(149.1)
New Strategic Outcomes	0.0	0.2	(0.2)	(0.2)	(0.3)	(0.3)	(1.0)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(2.7)
Resilience	0.7	1.2	(0.5)	(0.5)	(0.6)	(0.6)	(2.3)	(0.7)	(0.7)	(0.7)	(0.8)	(0.8)	(0.9)	(6.8)
City Engagement	0.0	2.0	(2.0)	(2.1)	(2.1)	(2.2)	(8.4)	(2.3)	(2.3)	(2.4)	(2.5)	(2.5)	(2.6)	(23.1)
Sustainability	0.0	1.5	(1.5)	(1.6)	(1.6)	(1.7)	(6.4)	(1.7)	(1.8)	(1.8)	(1.9)	(1.9)	(2.0)	(17.5)
Indigenous Leadership & Engagement	0.1	0.9	(0.9)	(0.9)	(0.9)	(1.0)	(3.7)	(1.0)	(1.0)	(1.1)	(1.1)	(1.1)	(1.2)	(10.2)
<b>People Performance &amp; Technology</b>	<b>2.9</b>	<b>52.5</b>	<b>(49.6)</b>	<b>(51.1)</b>	<b>(52.5)</b>	<b>(53.9)</b>	<b>(207.1)</b>	<b>(55.5)</b>	<b>(57.1)</b>	<b>(58.8)</b>	<b>(60.6)</b>	<b>(62.4)</b>	<b>(64.3)</b>	<b>(565.7)</b>
Customer Service	2.8	7.3	(4.5)	(4.6)	(4.7)	(4.8)	(18.6)	(5.0)	(5.1)	(5.3)	(5.4)	(5.6)	(5.8)	(50.8)
Internal Office Services	0.0	0.3	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)	(3.3)
Corporate Human Resources	0.0	6.6	(6.6)	(6.8)	(7.0)	(7.2)	(27.7)	(7.4)	(7.7)	(7.9)	(8.1)	(8.4)	(8.6)	(75.8)
Work Health & Safety	0.0	2.2	(2.2)	(2.2)	(2.3)	(2.4)	(9.1)	(2.4)	(2.5)	(2.6)	(2.7)	(2.7)	(2.8)	(24.8)
People Performance & Technology	0.0	1.2	(1.2)	(1.3)	(1.3)	(1.3)	(5.1)	(1.3)	(1.2)	(1.3)	(1.3)	(1.4)	(1.4)	(12.9)
Business & Service Improvement	0.0	1.1	(1.1)	(1.2)	(1.2)	(1.2)	(4.7)	(1.3)	(1.3)	(1.3)	(1.4)	(1.4)	(1.5)	(12.9)
Data & Information Management Services	0.0	8.2	(8.2)	(8.5)	(8.7)	(8.9)	(34.3)	(9.2)	(9.5)	(9.8)	(10.1)	(10.4)	(10.7)	(93.9)
Technology & Digital Services	0.0	25.5	(25.5)	(26.2)	(27.0)	(27.8)	(106.4)	(28.6)	(29.4)	(30.3)	(31.2)	(32.2)	(33.1)	(291.3)
<b>Chief Financial Office</b>	<b>0.6</b>	<b>11.2</b>	<b>(10.6)</b>	<b>(10.9)</b>	<b>(11.0)</b>	<b>(11.3)</b>	<b>(43.9)</b>	<b>(11.7)</b>	<b>(12.0)</b>	<b>(12.4)</b>	<b>(12.8)</b>	<b>(13.1)</b>	<b>(13.5)</b>	<b>(119.4)</b>
<b>Legal &amp; Governance</b>	<b>1.9</b>	<b>14.9</b>	<b>(13.0)</b>	<b>(13.4)</b>	<b>(15.5)</b>	<b>(14.3)</b>	<b>(56.1)</b>	<b>(14.7)</b>	<b>(15.3)</b>	<b>(17.6)</b>	<b>(16.3)</b>	<b>(16.9)</b>	<b>(17.4)</b>	<b>(154.3)</b>
<b>Corporate Costs</b>	<b>385.1</b>	<b>(8.8)</b>	<b>393.9</b>	<b>402.9</b>	<b>412.4</b>	<b>427.9</b>	<b>1,637.1</b>	<b>439.0</b>	<b>451.5</b>	<b>463.4</b>	<b>475.5</b>	<b>488.0</b>	<b>501.1</b>	<b>4,455.7</b>
<b>Council</b>	<b>651.1</b>	<b>530.1</b>	<b>121.0</b>	<b>130.1</b>	<b>130.2</b>	<b>143.5</b>	<b>524.8</b>	<b>136.8</b>	<b>146.0</b>	<b>152.8</b>	<b>155.4</b>	<b>150.1</b>	<b>151.6</b>	<b>1,417.5</b>

## Long Term Financial Plan 2022/23 to 2031/23

### City of Sydney

#### Summary of Income and Expenditure by Principal Activity

The schedule below reflects the Strategic Directions from *Sustainable Sydney 2030-2050* as Principal Activities for this Delivery Program. A number of Principal Activities are largely of an advocacy and facilitation role for the City (such as Housing for all) and not one of direct service provision. As a result, the proposed budget does not reflect substantial operational costs (particularly salaries expenditure) incurred indirectly in delivering this Principal Activity. Other Principal Activities (such as Design excellence and sustainable development), will be delivered primarily via operational expenditure, rather than directly through capital works.

The summary of income and expenditure by Principal Activity below includes both the proposed operational budgets and the capital works program (for 2022/23) to better reflect the allocation of Council funds towards these major directions.

	2022/23				2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	Income	Expenditure	Net Surplus/ (Deficit)	Capital									
	Net Surplus/(Deficit) by Year												
Responsible governance and stewardship	490.0	284.6	205.4	36.5	243.6	246.4	248.3	242.7	256.8	276.2	278.6	276.0	284.9
A leading environmental performer	1.0	88.6	(87.6)	21.0	(91.1)	(94.0)	(96.9)	(100.1)	(103.6)	(106.9)	(110.4)	(113.9)	(117.6)
Public places for all	43.9	74.7	(30.8)	84.8	(32.8)	(35.5)	(35.8)	(36.9)	(38.5)	(39.6)	(40.8)	(42.2)	(43.5)
Design excellence and sustainable development	82.9	46.4	36.5	0.0	28.6	23.8	12.1	11.5	12.6	10.2	12.5	6.5	5.5
A city for walking, cycling and public transport	51.3	15.5	35.9	45.7	35.6	35.2	35.9	36.5	38.4	40.3	41.0	41.8	42.6
An equitable and inclusive city	7.2	38.7	(31.4)	0.7	(35.7)	(36.7)	(37.8)	(38.9)	(40.0)	(41.2)	(42.4)	(43.6)	(44.9)
Resilient and diverse communities	48.1	52.6	(4.5)	12.5	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.8	0.8
A thriving cultural and creative life	0.7	11.8	(11.2)	3.5	(11.3)	(11.6)	(11.9)	(12.3)	(12.7)	(13.0)	(13.4)	(13.8)	(14.3)
A transformed and innovative economy	2.3	32.0	(29.6)	7.5	(30.2)	(31.1)	(26.5)	(28.0)	(28.1)	(29.0)	(29.8)	(30.7)	(32.5)
Housing for all	0.0	5.4	(5.4)	0.0	(2.6)	(2.8)	(4.9)	(3.1)	(3.3)	(3.5)	(6.7)	(3.9)	(4.1)
<b>Total Council</b>	<b>727.4</b>	<b>650.3</b>	<b>77.1</b>	<b>212.1</b>	<b>104.8</b>	<b>94.5</b>	<b>83.3</b>	<b>72.3</b>	<b>82.6</b>	<b>94.3</b>	<b>89.5</b>	<b>76.9</b>	<b>77.0</b>

# Long Term Financial Plan 2022/23 to 2031/23

## City of Sydney

### Capital Works Expenditure Summary

The City's Capital Works Program is built around a number of significant projects that will expand and/or significantly upgrade the provision of infrastructure and facilities for the community, and Capital Programs that underpin key asset groups such as public domain, roads, footways, pools, open space and community facilities. The proposed program will enable the commencement and completion of many identified priorities and progress a number of Sustainable Sydney 2030 projects. The program prepared is in line with the agreed long term financial parameters and represents the City's capacity to deliver the program each year and expenditure provisions for significant projects which may be delivered by third parties.

\$'M	Prior Years Total	2022/23	2023/24	2024/25	2025/26	4 Years Total	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	10 Year Total	Total Project Budget
<b>Asset Enhancement</b>														
Bicycle Related Works	32.5	21.8	27.2	20.1	0.3	69.4	2.3	6.3	2.1	6.5			86.6	119.0
Green Infrastructure	31.9	2.1	0.5	1.6	1.8	6.0	0.9	0.3					7.2	39.1
Open Space & Parks	96.9	18.4	26.1	18.8	17.3	80.6	20.4	27.2	24.1	18.3	24.1	26.3	221.0	317.9
Properties - Community, Cultural and Recreational	128.8	19.6	16.3	17.8	4.5	58.3	18.5	14.3	17.0	13.4	12.0	11.0	144.5	273.2
Properties - Investment and Operational	6.7	1.1			0.4	1.5	2.5	6.0	19.0	17.0	11.5	8.0	65.5	72.2
Public Art	7.4	2.8	2.9	2.2	1.6	9.4	1.8	0.8	1.5	1.5	1.5	1.0	17.5	25.0
Public Domain	188.3	36.6	32.8	26.5	30.6	126.5	15.9	32.7	22.1	19.8	28.9	31.1	277.0	465.3
Stormwater Drainage	79.9	9.3	14.6	4.2	4.2	32.3	5.0	5.7	5.7	5.6	5.6	5.1	64.9	144.8
<b>Asset Enhancement Projects Total</b>	<b>572.3</b>	<b>111.7</b>	<b>120.4</b>	<b>91.4</b>	<b>60.6</b>	<b>384.1</b>	<b>67.2</b>	<b>93.3</b>	<b>91.5</b>	<b>82.1</b>	<b>83.6</b>	<b>82.5</b>	<b>884.2</b>	<b>1,456.5</b>
<b>Asset Renewal (Rolling Programs)</b>														
Infrastructure - Roads Bridges Footways		11.8	16.3	15.0	17.8	60.9	19.2	20.1	20.9	21.6	22.9	22.9	188.5	188.5
Open Space & Parks		21.3	26.3	28.2	23.1	99.0	20.3	24.6	27.6	27.2	29.1	28.7	256.5	256.5
Properties Assets		29.2	38.4	36.8	34.7	139.0	39.1	32.0	28.3	27.7	27.7	27.4	321.2	321.2
Public Art		1.2	1.4	1.4	0.7	4.8	0.9	1.0	0.8	0.7	0.8	0.9	9.9	9.9
Public Domain		24.0	15.7	12.6	11.8	64.1	11.6	12.5	13.5	12.9	16.0	18.2	148.8	148.8
Stormwater Drainage		3.0	6.0	6.0	6.0	21.0	4.0	3.7	3.7	3.7	3.7	3.7	43.2	43.2
<b>Asset Renewal Programs Total</b>		<b>90.5</b>	<b>104.1</b>	<b>100.0</b>	<b>94.1</b>	<b>388.7</b>	<b>95.1</b>	<b>93.8</b>	<b>94.7</b>	<b>93.8</b>	<b>100.1</b>	<b>101.8</b>	<b>968.1</b>	<b>968.1</b>
<b>TOTAL CAPITAL WORKS</b>	<b>572.3</b>	<b>202.1</b>	<b>224.5</b>	<b>191.4</b>	<b>154.7</b>	<b>772.8</b>	<b>162.3</b>	<b>187.1</b>	<b>186.2</b>	<b>175.9</b>	<b>183.7</b>	<b>184.3</b>	<b>1,852.3</b>	<b>2,424.6</b>
<b>Contingency</b>														
Capital Works Contingency		10.0				10.0							10.0	10.0
<b>Total Contingency</b>		<b>10.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>10.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>10.0</b>	<b>10.0</b>

# Long Term Financial Plan 2022/23 to 2031/23

## City of Sydney

### Capital Works Individual Projects > \$5M

		Prior Years Total	2022/23	2023/24	2024/25	2025/26	4 Years Total	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	10 Year Total	Total Project Budget
\$M															
Project Name	Project Group														
Belmore Park	Open Space & Parks - Asset Renewal		0.0		0.2	0.6	0.8	2.0	4.0	4.0	2.2			13.0	13.0
Open Space Renewal - Hyde Park Lighting	Open Space & Parks - Asset Renewal	0.8	0.5	8.2	5.0	1.2	15.0							15.0	15.7
Customs House – Façade Upgrade stage 2	Properties Assets - Asset Renewal	0.1	0.2	1.3	3.9	3.4	8.9							8.9	9.0
Town Hall House, Façade Remediation	Properties Assets - Asset Renewal	0.4	0.5	3.8	4.4	3.0	11.7							11.7	12.1
343 George St - Facade Remediation & Facade Lighting	Properties Assets - Asset Renewal	0.4	3.0	2.8		2.5	8.3	5.9	1.6					15.8	16.1
Sydney Town Hall External Works Stage 3	Properties Assets - Asset Renewal	9.6	2.2	2.1	2.1		6.4							6.4	16.0
Sydney Park Brick Kilns - Renewal Works	Properties Assets - Asset Renewal	0.5	0.8	3.8	6.1	4.9	15.5							15.5	16.0
Goulburn St Parking Station - Whole of structure remediation	Properties Assets - Asset Renewal		1.0	4.8	4.8	4.8	15.3	4.8	1.2	1.2	1.2	1.2	1.2	26.0	26.0
Bay Street East - Depot Redevelopment	Properties Assets - Asset Renewal		0.5	2.0	3.0	10.0	15.5	20.0	7.0					42.5	42.5
City Centre Public Spaces - Shakespeare Place	Public Domain - Asset Renewal		0.0				0.0					3.0	3.0	6.0	6.0
Oxford St wedt and Liverpool St Cycleway	Bicycle Related Works - Asset Enhancement	0.5	1.0	7.5	2.6		11.1							11.1	11.6
Ersleville Alexandria Precinct Cycleway Links	Bicycle Related Works - Asset Enhancement	3.0	3.2	2.8			6.0							6.0	9.0
Castlereagh Street Cycleway - North	Bicycle Related Works - Asset Enhancement	0.7	4.7	10.3	6.4		21.4							21.4	22.1
College Street Cycleway	Bicycle Related Works - Asset Enhancement	1.1	4.3				4.3							4.3	5.4
Surry Hills to Central Cycleway	Bicycle Related Works - Asset Enhancement		0.2	0.4			0.5				5.2			5.7	5.7
King St Cycleway - Stage 2	Bicycle Related Works - Asset Enhancement	2.0	0.5	0.4	2.0	0.2	3.0	0.4	1.5					4.9	6.9
Forest Lodge to City South Bike Network Link	Bicycle Related Works - Asset Enhancement	0.2	2.0	1.8	3.2		7.0							7.0	7.2
Wellington Street Bike Network Link	Bicycle Related Works - Asset Enhancement		0.2	0.4	4.5		5.0							5.0	5.0
Drying Green Park	Open Space & Parks - Asset Enhancement	15.1	0.2				0.2							0.2	15.3
Wimbo Park Surry Hills	Open Space & Parks - Asset Enhancement	0.6	1.3	3.6			4.9							4.9	5.6
City Centre Playground Works	Open Space & Parks - Asset Enhancement	0.3	0.2	0.9	4.8	0.8	6.6							6.6	7.0
New Linear Park - Euston Road To Bourke Road	Open Space & Parks - Asset Enhancement		0.0			2.0	2.0	2.0	3.0	3.0				10.0	10.0

## Long Term Financial Plan 2022/23 to 2031/23

### City of Sydney

#### Capital Works Individual Projects > \$5M

\$M		Prior Years Total	2022/23	2023/24	2024/25	2025/26	4 Years Total	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	10 Year Total	Total Project Budget
Project Name	Project Group														
Synthetic Sports Field Installations - Perry Park	Open Space & Parks - Asset Enhancement	0.9	2.2	5.1	0.5		7.8							7.8	8.6
Alexandria School and Park Synthetic Sportsfield - Joint Use	Open Space & Parks - Asset Enhancement	3.9	3.0	1.0			4.0							4.0	7.8
Mandible Street Sports Precinct	Open Space & Parks - Asset Enhancement		0.0	0.3	0.3	0.5	1.0	5.0	14.0	10.0				30.0	30.0
Sydney Park - Fmr Nursery Re-use	Open Space & Parks - Asset Enhancement		0.2	0.8	2.0	2.2	5.2	1.3						6.4	6.4
Gunyama Park Stage 2 & George Julius Avenue North	Open Space & Parks - Asset Enhancement	0.1	0.4	8.0	8.4	1.7	18.4							18.4	18.4
Moore Park - Golf Course Conversion to Open Space	Open Space & Parks - Asset Enhancement		0.0				0.0			0.3	0.7	4.5	4.5	10.0	10.0
City North Observatory Hill Park Masterplan Upgrade	Open Space & Parks - Asset Enhancement						0.0	0.3	1.2	0.5				2.0	2.0
SSHS - Stage 2 (Cultural/Community/Health Facilities)	Properties - Community, Cultural and Recreational - Asset Enhancement	4.8	8.7	7.1	4.0		19.8							19.8	24.6
New Childcare - Fig & Wattle Street Ultimo	Properties - Community, Cultural and Recreational - Asset Enhancement		0.0				0.0	8.0						8.0	8.0
Sports Facilities - Fig and Wattle Depot Site	Properties - Community, Cultural and Recreational - Asset Enhancement		0.0				0.0	7.0						7.0	7.0
Huntley Street Recreation Centre - Development	Properties - Community, Cultural and Recreational - Asset Enhancement	1.1	0.4	6.0	10.8	1.5	18.6							18.6	19.8
George Street - Lend Lease Circular Quay VPA	Properties - Community, Cultural and Recreational - Asset Enhancement	1.0	7.5				7.5							7.5	8.5
Pymont Community Centre Upgrade	Properties - Community, Cultural and Recreational - Asset Enhancement	1.0	1.8	2.9			4.7							4.7	5.7
Ultimo Community Centre - Upgrade (Convert Library & OOSH)	Properties - Community, Cultural and Recreational - Asset Enhancement		0.0			0.2	0.2	0.6	3.0	5.0	3.2			12.0	12.0
Bay St West - Former Depot Site Redevelopment	Properties - Investment and Operational - Asset Enhancement		0.0				0.0	0.5	3.0	15.0	15.0	6.5		40.0	40.0
City Centre - Barrack St masterplan	Public Domain - Asset Enhancement		0.2	0.5	0.9	4.1	5.7							5.7	5.7
Hinchcliffe St (North), Woolpack St & Barker St (South)	Public Domain - Asset Enhancement		0.0			0.0	0.0		6.5					6.5	6.5
Zetland Ave (West) - Paul St to Portman St	Public Domain - Asset Enhancement	7.4	1.4				1.4							1.4	8.8
Green Square to Ashmore Connection	Public Domain - Asset Enhancement	8.4	7.7	6.8	2.0		16.5							16.5	24.9
Kings Cross Public Domain - Macleay Street	Public Domain - Asset Enhancement	11.5	0.4				0.4							0.4	11.9
Crown Street Public Domain	Public Domain - Asset Enhancement	0.8	3.5	6.3	6.6	7.0	23.4	3.7						27.1	27.9
Regent Street Redfern	Public Domain - Asset Enhancement		0.0		0.3	0.7	1.0	5.0	7.0	5.0				18.0	18.0

## Long Term Financial Plan 2022/23 to 2031/23

### City of Sydney

#### Capital Works Individual Projects > \$5M

\$M		Prior Years Total	2022/23	2023/24	2024/25	2025/26	4 Years Total	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	10 Year Total	Total Project Budget
Project Name	Project Group														
George Street South Pedestrianisation	Public Domain - Asset Enhancement	29.9	13.6				13.6							13.6	43.5
Danks Street South - Public Domain Works	Public Domain - Asset Enhancement		0.0				0.0				5.0			5.0	5.0
Green Square Northern Precinct Public Domain Works	Public Domain - Asset Enhancement		0.0				0.0		5.0					5.0	5.0
Loftus St, Reiby Pl & Customs House Ln Upgrade	Public Domain - Asset Enhancement	0.3	2.8	5.0			7.8							7.8	8.0
George Street North Pedestrianisation (Hunter to Alfred Sts)	Public Domain - Asset Enhancement		1.0	7.5	6.5		15.0	1.0	7.5	6.5				30.0	30.0
Ersleville Road Public Domain upgrade	Public Domain - Asset Enhancement		0.0				0.0		0.2	5.0	6.0	0.8		12.0	12.0
Joynton Avenue Stormwater Drainage Upgrade	Stormwater Drainage - Asset Enhancement	0.8	8.2	13.3			21.5							21.5	22.3

**City of Sydney**  
Balance Sheet

Long Term Financial Plan 2022/23 to 2031/23

	\$'M	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash and Investments		482.6	350.6	383.0	476.1	419.1	392.0	362.0	274.4	269.7	261.4
Receivables		99.7	101.8	103.5	105.1	104.8	106.7	110.4	112.5	112.3	114.2
Prepayments		7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Inventory		1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Current Assets Total</b>		<b>590.4</b>	<b>460.5</b>	<b>494.6</b>	<b>589.3</b>	<b>532.0</b>	<b>506.7</b>	<b>480.5</b>	<b>395.0</b>	<b>390.2</b>	<b>383.6</b>
<b>Non-Current Assets</b>											
Capital Works, Infrastructure, Investment Properties and P&A		12,307.4	12,541.4	12,610.9	12,586.8	12,712.6	12,815.9	12,928.2	13,096.7	13,175.7	13,253.1
<b>Non Current Assets</b>		<b>12,307.4</b>	<b>12,541.4</b>	<b>12,610.9</b>	<b>12,586.8</b>	<b>12,712.6</b>	<b>12,815.9</b>	<b>12,928.2</b>	<b>13,096.7</b>	<b>13,175.7</b>	<b>13,253.1</b>
<b>Total Assets</b>		<b>12,897.9</b>	<b>13,001.9</b>	<b>13,105.5</b>	<b>13,176.1</b>	<b>13,244.6</b>	<b>13,322.6</b>	<b>13,408.7</b>	<b>13,491.7</b>	<b>13,565.8</b>	<b>13,636.7</b>
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Payables		275.0	270.6	277.2	262.0	254.3	247.5	238.4	228.8	220.5	210.7
Provisions		77.4	81.1	83.6	86.1	90.1	92.3	93.1	96.1	101.7	105.4
<b>Current Liabilities Total</b>		<b>352.5</b>	<b>351.7</b>	<b>360.8</b>	<b>348.1</b>	<b>344.4</b>	<b>339.8</b>	<b>331.6</b>	<b>325.0</b>	<b>322.2</b>	<b>316.1</b>
<b>Non-Current Liabilities</b>											
Provisions		23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7
<b>Non-Current Liabilities Total</b>		<b>23.7</b>	<b>23.7</b>	<b>23.7</b>	<b>23.7</b>	<b>23.7</b>	<b>23.7</b>	<b>23.7</b>	<b>23.7</b>	<b>23.7</b>	<b>23.7</b>
<b>Total Liabilities</b>		<b>376.2</b>	<b>375.4</b>	<b>384.5</b>	<b>371.8</b>	<b>368.0</b>	<b>363.5</b>	<b>355.2</b>	<b>348.7</b>	<b>345.9</b>	<b>339.8</b>
<b>Net Assets</b>		<b>12,521.7</b>	<b>12,626.5</b>	<b>12,721.0</b>	<b>12,804.3</b>	<b>12,876.6</b>	<b>12,959.1</b>	<b>13,053.5</b>	<b>13,143.0</b>	<b>13,219.9</b>	<b>13,297.0</b>
<b>EQUITY</b>											
<b>Equity</b>		<b>12,521.7</b>	<b>12,626.5</b>	<b>12,721.0</b>	<b>12,804.3</b>	<b>12,876.6</b>	<b>12,959.1</b>	<b>13,053.5</b>	<b>13,143.0</b>	<b>13,219.9</b>	<b>13,297.0</b>



**City of Sydney**  
Cash Flow Forecast

Long Term Financial Plan 2022/23 to 2031/23

\$M	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Revenue:</b>										
Rates and Annual Charges	387.5	397.3	407.3	422.6	433.4	444.5	456.0	467.8	480.0	492.6
Other Operating Income	262.1	272.9	281.9	290.2	288.3	303.0	318.0	328.6	327.8	337.3
<b>Operating Income</b>	<b>649.6</b>	<b>670.2</b>	<b>689.3</b>	<b>712.7</b>	<b>721.7</b>	<b>747.5</b>	<b>774.1</b>	<b>796.5</b>	<b>807.8</b>	<b>830.0</b>
<b>Expenses:</b>										
Salary & Wages Expenditure	256.2	263.8	270.9	277.8	286.3	292.4	300.7	309.3	318.5	328.9
Other Operating Expenditure	272.4	276.3	288.2	291.4	298.6	309.0	320.6	331.8	339.2	349.5
<b>Operating Expenditure</b>	<b>528.6</b>	<b>540.1</b>	<b>559.1</b>	<b>569.3</b>	<b>584.9</b>	<b>601.5</b>	<b>621.3</b>	<b>641.0</b>	<b>657.7</b>	<b>678.4</b>
<b>Operating Surplus</b>	<b>121.0</b>	<b>130.1</b>	<b>130.2</b>	<b>143.5</b>	<b>136.8</b>	<b>146.0</b>	<b>152.8</b>	<b>155.4</b>	<b>150.1</b>	<b>151.6</b>
<b>Other Non Operating:</b>										
Interest income	7.5	6.4	6.5	8.7	9.0	8.2	9.5	9.6	8.2	8.0
Capital Related Project Expenses*	(5.8)	(9.5)	(9.5)	(9.8)	(9.8)	(10.0)	(10.1)	(10.3)	(10.4)	(10.7)
Depreciation	(114.4)	(115.9)	(117.5)	(119.2)	(120.5)	(122.5)	(124.3)	(125.6)	(127.7)	(129.7)
Capital Grants and Contributions	68.9	93.7	84.8	60.0	56.8	60.8	66.5	60.4	56.7	57.7
<b>Net Surplus/(Deficit)</b>	<b>77.1</b>	<b>104.8</b>	<b>94.5</b>	<b>83.3</b>	<b>72.3</b>	<b>82.6</b>	<b>94.3</b>	<b>89.5</b>	<b>76.9</b>	<b>77.0</b>
<b>Add Back:</b>										
Depreciation	114.4	115.9	117.5	119.2	120.5	122.5	124.3	125.6	127.7	129.7
Non-Cash Asset Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash Surplus before Capital Expenditure</b>	<b>191.5</b>	<b>220.7</b>	<b>212.0</b>	<b>202.4</b>	<b>192.8</b>	<b>205.0</b>	<b>218.6</b>	<b>215.2</b>	<b>204.6</b>	<b>206.7</b>
<b>Capital Expenditure</b>										
Capital Works	(212.1)	(224.5)	(191.4)	(154.7)	(162.3)	(187.1)	(186.2)	(175.9)	(183.7)	(184.3)
Plant and Asset Acquisitions/ICT Projects	(19.9)	(24.4)	(24.2)	(24.4)	(24.1)	(23.6)	(23.4)	(23.2)	(23.0)	(22.8)
Property (Acquisitions)/Divestments	(147.8)	(101.0)	28.7	84.0	(60.0)	(15.0)	(27.0)	(95.0)	0.0	0.0
<b>Total Capital Expenditure</b>	<b>(379.9)</b>	<b>(349.9)</b>	<b>(186.9)</b>	<b>(95.1)</b>	<b>(246.4)</b>	<b>(225.7)</b>	<b>(236.6)</b>	<b>(294.1)</b>	<b>(206.7)</b>	<b>(207.1)</b>
<b>Net Receivables/Payables Movement</b>	<b>13.8</b>	<b>(2.8)</b>	<b>7.4</b>	<b>(14.3)</b>	<b>(3.4)</b>	<b>(6.5)</b>	<b>(12.0)</b>	<b>(8.6)</b>	<b>(2.6)</b>	<b>(7.9)</b>
<b>Cash Surplus/(Deficit)</b>	<b>(174.5)</b>	<b>(132.0)</b>	<b>32.4</b>	<b>93.1</b>	<b>(57.0)</b>	<b>(27.2)</b>	<b>(30.0)</b>	<b>(87.6)</b>	<b>(4.7)</b>	<b>(8.3)</b>
<b>Total Cash at Beginning of Period</b>	<b>657.1</b>	<b>482.6</b>	<b>350.6</b>	<b>383.0</b>	<b>476.1</b>	<b>419.1</b>	<b>392.0</b>	<b>362.0</b>	<b>274.4</b>	<b>269.7</b>
Cash Surplus/(Deficit)	(174.5)	(132.0)	32.4	93.1	(57.0)	(27.2)	(30.0)	(87.6)	(4.7)	(8.3)
<b>Total Cash at End of Period</b>	<b>482.6</b>	<b>350.6</b>	<b>383.0</b>	<b>476.1</b>	<b>419.1</b>	<b>392.0</b>	<b>362.0</b>	<b>274.4</b>	<b>269.7</b>	<b>261.4</b>

\* This item of expenditure is included within Materials and Contracts expense on the Income Statement

**Asset Replacement and Sales (including Information Services - Capital Projects)**

Council holds assets to ensure its financial viability, for commercial and strategic reasons, and to meet the needs of its operations.

Depreciating assets, such as plant, equipment and vehicles, held for Council's operations are changed or replaced in line with Council's current needs and the operational life of the asset. The City replaces its light fleet every two years or 40,000km excluding utility vehicles which are replaced every three years or 60,000km. The City also adopts a replacement program to renew its Personal Computer assets on an average three-yearly cycle.

The City has a program of upgrades and enhancements to information systems. These can include installation and configuration of 3rd party software and development of new in-house solutions.

Where these system developments are deemed to have an enduring benefit to the City, the costs of the project are capitalised as assets within the Fixed Asset Register, and amortised over an appropriate useful life. Capitalisation of costs is consistent with the City's *Asset Recognition and Capitalisation Policy*.

**Summary of Expenditure - 2022/23**

	2022/23		
	Acquisitions	Sales	Net Budget
Books & Library Resources	0.8	0.0	<b>0.8</b>
Information Technology (Equipment)	2.3	0.0	<b>2.3</b>
Technology and Digital Services - Capital Projects	7.0	0.0	<b>7.0</b>
Vehicles and Plant	6.8	(0.5)	<b>6.3</b>
Equipment, Furniture & Fittings and Miscellaneous	3.6	0.0	<b>3.6</b>
<b>Total</b>	<b>20.4</b>	<b>(0.5)</b>	<b>19.9</b>

**Statement of Business or Commercial Activities**

The City of Sydney expects to continue with Parking Stations as a Category 1 business activity. In a typical operating environment, these commercial activities provide an additional source of funding that enables the Council to continue to provide enhanced services and infrastructure delivery without placing additional burden on the City's ratepayers.

**Revenue Policy - Charges for Works Carried out on Private Land**

Council does not generally carry out works on private land, however if Council were required to undertake such works (e.g. the construction of a private road), then the works would be charged at the appropriate commercial rate.

OFFICE OF LOCAL GOVERNMENT PERFORMANCE MEASURES - PROJECTIONS

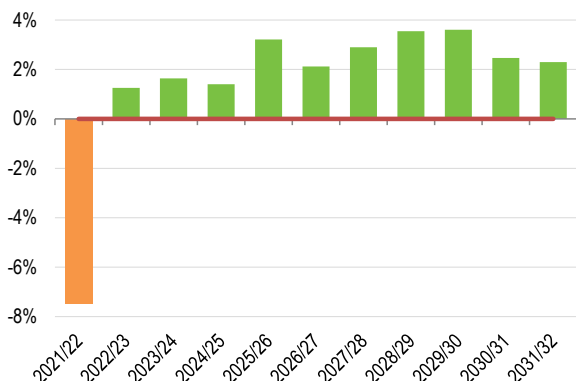
The City's performance in respect of the mandated Office of Local Government Performance measures is detailed below. The charts demonstrate performance trends on the basis of forward projections contained in the Long Term Financial Plan, and estimates related to future asset maintenance and renewal requirements (per the Asset Management Plan) and infrastructure backlog.

The formulas used in the calculations, as provided by the NSW Office of Local Government, are also included.

The graphs plot the annual performance for each ratio shown - while longer term projections generally reflect above-benchmark performance against all measures, one-off impacts can result in minor fluctuations from year to year.

Sustainability

Operating Performance Ratio



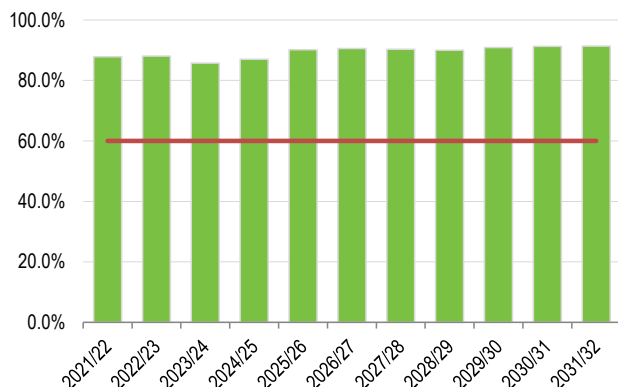
$$\frac{\text{Operating Revenue (excl Capital Grants \& Contributions)}}{\text{less Operating Expenses}}$$

$$\text{Operating Revenue (excl Capital Grants \& Contributions)}$$

The City's Operating Performance for 2021/22 has been significantly impacted by the continuation of the Covid-19 pandemic, particularly the Delta and Omicron variants that resulted in extended lockdowns and economic disruption. These impacts are beginning to ease in the latter part of the 2021/22 financial year.

Forward estimates anticipate a financial recovery reflecting a return to long term averages over time. The base case of the model relies upon the recovery of key income sources in 2022/23, and scenarios have been provided within this Long Term Financial Plan modelling financial impacts of an extended or delayed period of recovery.

Own Source Revenue



$$\frac{\text{Total continuing operating revenue less all grants and contributions}}{\text{Total Operating Revenue}}$$

$$\text{(inclusive of Capital Grants and Contributions)}$$

The City's Own Source Operating Revenue is already well above the required benchmark level and is forecast to continue to grow as a proportion of total operating revenue.

As detailed in the Long Term Financial Plan document, minor incremental growth in the City's rates base and the assumed continuation of the "cap" on developer contributions per new dwelling will result in capital income representing a declining proportion of the City's income base, reflected in the gradual increase in the Own Source Revenue ratio. The ratio may be impacted in any given year by higher-than-expected capital income receipts.

Building and Infrastructure Asset Renewal Ratio



$$\frac{\text{Actual Asset Renewals}}{\text{Required Renewal* of Building and Infrastructure Assets}}$$

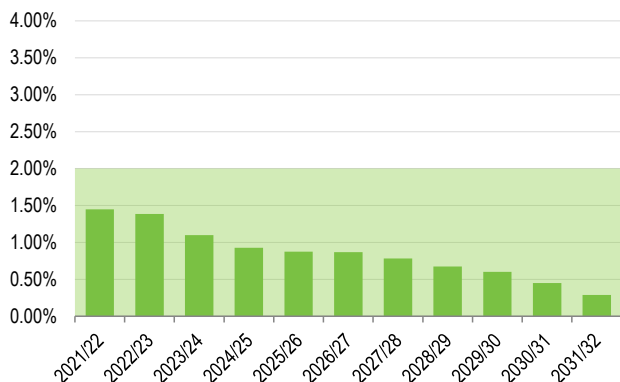
$$\text{Required Renewal* of Building and Infrastructure Assets}$$

Rather than utilise depreciation expense as an arbitrary proxy, the required renewal of building and infrastructure assets is instead sourced from the Asset Management Plan within the City's Integrated Planning and Reporting documents. Depreciation rates are also re-assessed regularly to reflect appropriate useful lives for assets, but the straight line methodology inevitably presents a limitation.

Ratio performance is forecast to exceed benchmark over the life of the plan. Performance in excess of the ratio benchmark is driven by large-scale capital works projects that provide a renewal benefit to major assets while achieving long term strategic goals. These major items are in addition to underlying capital renewal programs that meet cyclical renewal requirements.

Infrastructure and Service Management

Infrastructure Backlog Ratio



Estimated Costs to Bring Assets to a Satisfactory Standard

**Written Down Value of Infrastructure**  
(incl roads and drainage assets), **Building, Other Structures** and **Depreciable Land Improvements Assets**

The City holds the view that the vast majority of its buildings and infrastructure are currently maintained at or above a "satisfactory standard". The identified infrastructure backlog is subject to ongoing review, to ensure that backlog levels reported are reflective of those assets deemed to be at less than "satisfactory standard".

The City's projected Infrastructure Backlog ratio is subject to future assessments of asset condition, and therefore difficult to predict. However, the ratio result is expected to improve as targeted renewal works (per the City's asset management plans) are completed. Condition assessments of assets are also completed periodically, in order to better prioritise works.

Asset Maintenance Ratio



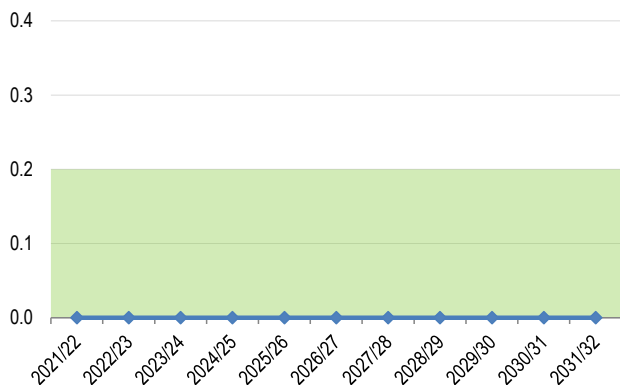
Actual Asset Maintenance

Required Asset Maintenance

In line with the City's Asset Management Plan, asset maintenance is forecast to remain at (or near to) benchmark over the life of the plan (i.e 98% or higher).

Whilst gross expenditure on asset maintenance will continue to grow over time, so to will the "required" level of annual maintenance, as the City's asset base continues to grow. Resourcing of asset maintenance and operating expenditure is considered in conjunction with capital renewal, as part of a holistic approach to asset management. Over the longer term, increases to asset maintenance expenditure will continue to be 'matched' to growth in the City's asset base.

Debt Service Ratio



Principal Repayments (from Statement of Cash Flows) plus Borrowing Interest Costs (from the income statement)

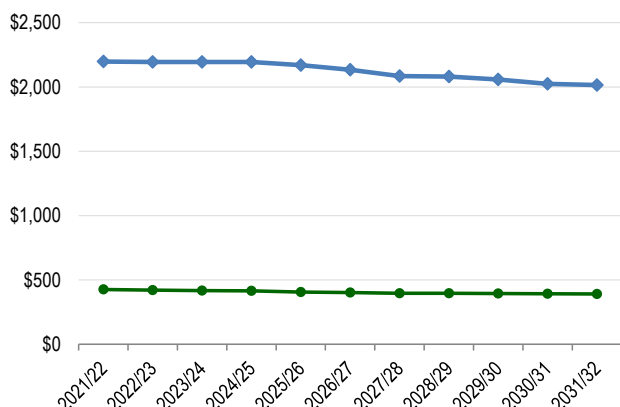
Operating Results before Interest and Depreciation (EBITDA)

Historically strong financial management has alleviated the need for the City to borrow funds, and the Long Term Financial Plan projects that this trend will continue over the next 10 years.

In addition to cash and investment reserves accumulated over a period of 15 years, the City has access to considerable capital income (in the form of developer contributions and interest on cash and investments) that will facilitate the delivery of new capital projects without the use of borrowings. Should funding circumstances change, the City will review the appropriateness of debt financing accordingly.

Efficiency

Real Operating Expenditure per capita



Real Operating Expenditure

Residential Population of Local Government Area

A declining trend over time is in line with OLG requirements, and reflects the City's commitment to targeting efficiencies in service delivery.

Whilst gross Operating Expenditure is forecast to increase over time, the residential population of the LGA is projected to grow more rapidly, representing a gradual decline in Real Operating Expenditure per capita. Service levels are reviewed as part of the Integrated Planning and Reporting process, and will reflect ratepayer priorities within tight budgetary controls.

Note that the green line reflects the inclusion of **all users** of the City, currently over 1.2M per day (in a business-as-usual environment)

## Long Term Financial Plan 2022/23 to 2031/23

### City of Sydney

#### Income Statement - Alternative Scenario 1a (Impact of approval of ASV on a temporary basis only on Net Operating Result)

	\$'M	2022/23	2023/24	2024/25	2025/26	4 Year Total	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	10 Year Total
<b>Income from Continuing Operations</b>													
Rates & Annual Charges		387.5	393.7	403.7	418.8	1,603.8	429.6	440.6	452.0	463.7	475.7	488.3	4,353.6
Fees		126.9	126.8	128.0	131.4	513.0	134.9	139.7	144.6	148.5	152.5	156.6	1,389.8
Interest Income		7.5	6.3	6.4	8.5	28.8	8.8	7.9	9.0	8.8	7.2	6.9	77.2
Other Income		118.8	131.3	138.7	143.2	531.9	137.4	142.2	156.7	162.9	157.8	162.7	1,451.6
Grants and Contributions provided for Capital Purposes		68.9	93.7	84.8	60.0	307.3	56.8	60.8	66.5	60.4	56.7	57.7	666.2
Grants and Contributions provided for Operating Purposes		18.0	16.4	16.8	17.2	68.5	17.7	18.1	18.6	19.0	19.5	20.0	181.4
<b>Total Income from Continuing Operations</b>		<b>727.4</b>	<b>768.3</b>	<b>778.4</b>	<b>779.1</b>	<b>3,053.3</b>	<b>785.0</b>	<b>809.2</b>	<b>847.3</b>	<b>863.4</b>	<b>869.4</b>	<b>892.2</b>	<b>8,119.8</b>
<b>Expenses from Continuing Operations</b>													
Employee		256.2	263.8	270.9	277.8	1,068.8	286.3	292.4	300.7	309.3	318.5	328.9	2,904.9
Borrowing		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials and Services		140.3	142.2	148.2	152.0	582.7	156.6	157.7	167.4	172.5	177.8	182.9	1,597.7
Depreciation Expense		114.4	115.9	117.5	119.2	466.9	120.5	122.5	124.3	125.6	127.7	129.7	1,217.2
Other Expenditure		139.4	145.1	151.1	150.8	586.4	153.4	158.2	165.0	171.4	173.7	179.3	1,587.4
<b>Total Expenses from Continuing Operations</b>		<b>650.3</b>	<b>667.1</b>	<b>687.7</b>	<b>699.8</b>	<b>2,704.9</b>	<b>716.8</b>	<b>730.9</b>	<b>757.5</b>	<b>778.7</b>	<b>797.7</b>	<b>820.7</b>	<b>7,307.2</b>
<b>Net Operating Result for the Year</b>		<b>77.1</b>	<b>101.2</b>	<b>90.8</b>	<b>79.3</b>	<b>348.4</b>	<b>68.2</b>	<b>78.3</b>	<b>89.8</b>	<b>84.6</b>	<b>71.7</b>	<b>71.6</b>	<b>812.7</b>

#### Impacts on Net Operating Result of Additional Special Rates Variation (ASV) approval on a temporary basis only

The base case of this Long Term Financial Plan anticipates that a number of key income streams will continue a recovery during 2022/23, before returning to an expected long term average from 2023/24. It also assumes that the City's additional special rates variation (ASV) application is approved in June 2022. In other words, the City is granted a permanent 2.5% increase to ordinary rates. Scenarios have been modelled to demonstrate potential additional impacts changes to the City's ordinary rate base if the ASV is not successful in full or in part. In addition a third scenario has been modelled showing no ASV plus the impact of a prolonged COVID pandemic effect on key revenue streams.

This income statement reflects Scenario 1 that models the impact of the non approval of the permanent ASV application but instead an increase of 2.5% for 2022/23 only (ie removed in future years). The adjustments under this scenario affect rates income by \$35.4M with annual rates income reduced by \$3M to \$4M over each of the final 9 years of the plan, as well as associated impacts to Interest and Investment income (\$4.3M total reduction)..

# City of Sydney

## Long Term Financial Plan 2022/23 to 2031/23

### Cash Flow Forecast - Alternative Scenario 1a - Impact of approval of ASV on a temporary basis only on Cashflow

	\$M	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Revenue:</b>											
Rates and Annual Charges		387.5	393.7	403.7	418.8	429.6	440.6	452.0	463.7	475.7	488.3
Other Operating Income		262.1	272.9	281.9	290.2	288.3	298.2	318.0	328.6	327.8	337.3
<b>Operating Income</b>		<b>649.6</b>	<b>666.7</b>	<b>685.6</b>	<b>709.0</b>	<b>717.8</b>	<b>738.8</b>	<b>770.0</b>	<b>792.3</b>	<b>803.6</b>	<b>825.6</b>
<b>Expenses:</b>											
Salary & Wages Expenditure		256.2	263.8	270.9	277.8	286.3	292.4	300.7	309.3	318.5	328.9
Other Operating Expenditure		272.4	276.3	288.2	291.4	298.6	304.3	320.6	331.8	339.2	349.5
<b>Operating Expenditure</b>		<b>528.6</b>	<b>540.1</b>	<b>559.1</b>	<b>569.3</b>	<b>584.9</b>	<b>596.7</b>	<b>621.3</b>	<b>641.0</b>	<b>657.7</b>	<b>678.4</b>
<b>Operating Surplus</b>		<b>121.0</b>	<b>126.6</b>	<b>126.5</b>	<b>139.7</b>	<b>133.0</b>	<b>142.1</b>	<b>148.7</b>	<b>151.3</b>	<b>145.9</b>	<b>147.2</b>
<b>Other Non Operating:</b>											
Interest income		7.5	6.3	6.4	8.5	8.8	7.9	9.0	8.8	7.2	6.9
Capital Related Project Expenses*		(5.8)	(9.5)	(9.5)	(9.8)	(9.8)	(10.0)	(10.1)	(10.3)	(10.4)	(10.7)
Depreciation		(114.4)	(115.9)	(117.5)	(119.2)	(120.5)	(122.5)	(124.3)	(125.6)	(127.7)	(129.7)
Capital Grants and Contributions		68.9	93.7	84.8	60.0	56.8	60.8	66.5	60.4	56.7	57.7
<b>Net Surplus/(Deficit)</b>		<b>77.1</b>	<b>101.2</b>	<b>90.8</b>	<b>79.3</b>	<b>68.2</b>	<b>78.3</b>	<b>89.8</b>	<b>84.6</b>	<b>71.7</b>	<b>71.6</b>
<b>Add Back:</b>											
Depreciation		114.4	115.9	117.5	119.2	120.5	122.5	124.3	125.6	127.7	129.7
<b>Cash Surplus before Capital Expenditure</b>		<b>191.5</b>	<b>217.1</b>	<b>208.2</b>	<b>198.5</b>	<b>188.7</b>	<b>200.8</b>	<b>214.1</b>	<b>210.3</b>	<b>199.4</b>	<b>201.2</b>
<b>Capital Expenditure</b>											
Capital Works		(212.1)	(224.5)	(191.4)	(154.7)	(162.3)	(187.1)	(186.2)	(175.9)	(183.7)	(184.3)
Plant and Asset Acquisitions/ICT Projects		(19.9)	(24.4)	(24.2)	(24.4)	(24.1)	(23.6)	(23.4)	(23.2)	(23.0)	(22.8)
Property (Acquisitions)/Divestments		(147.8)	(101.0)	28.7	84.0	(60.0)	(15.0)	(27.0)	(95.0)	0.0	0.0
<b>Total Capital Expenditure</b>		<b>(379.9)</b>	<b>(349.9)</b>	<b>(186.9)</b>	<b>(95.1)</b>	<b>(246.4)</b>	<b>(225.7)</b>	<b>(236.6)</b>	<b>(294.1)</b>	<b>(206.7)</b>	<b>(207.1)</b>
<b>Net Receivables/Payables Movement</b>		<b>13.8</b>	<b>(2.8)</b>	<b>7.4</b>	<b>(14.3)</b>	<b>(3.4)</b>	<b>(6.5)</b>	<b>(12.0)</b>	<b>(8.6)</b>	<b>(2.6)</b>	<b>(7.9)</b>
<b>Cash Surplus/(Deficit)</b>		<b>(174.5)</b>	<b>(135.6)</b>	<b>28.7</b>	<b>89.1</b>	<b>(61.1)</b>	<b>(31.4)</b>	<b>(34.6)</b>	<b>(92.5)</b>	<b>(9.9)</b>	<b>(13.8)</b>
<b>Total Cash at Beginning of Period</b>		<b>657.0</b>	<b>482.6</b>	<b>347.0</b>	<b>375.7</b>	<b>464.8</b>	<b>403.8</b>	<b>372.3</b>	<b>337.8</b>	<b>245.3</b>	<b>235.4</b>
Cash Surplus/(Deficit)		(174.5)	(135.6)	28.7	89.1	(61.1)	(31.4)	(34.6)	(92.5)	(9.9)	(13.8)
<b>Total Cash at End of Period</b>		<b>482.5</b>	<b>347.0</b>	<b>375.7</b>	<b>464.8</b>	<b>403.8</b>	<b>372.3</b>	<b>337.8</b>	<b>245.3</b>	<b>235.4</b>	<b>221.6</b>

\* This item of expenditure is included within Materials and Contracts expense on the Income Statement

## Long Term Financial Plan 2022/23 to 2031/23

### City of Sydney

#### Income Statement - Alternative Scenario 1b (Impact of non-approval of an Additional Special Rates Variation (ASV) on Net Operating Result)

	\$'M	2022/23	2023/24	2024/25	2025/26	4 Year Total	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	10 Year Total
<b>Income from Continuing Operations</b>													
Rates & Annual Charges		384.0	393.7	403.7	418.8	1,600.3	429.6	440.6	452.0	463.7	475.7	488.3	4,350.1
Fees		126.9	126.8	128.0	131.4	513.0	134.9	139.7	144.6	148.5	152.5	156.6	1,389.8
Interest Income		7.5	6.3	6.4	8.4	28.6	8.7	7.8	8.9	8.7	7.1	6.8	76.4
Other Income		118.8	131.3	138.7	143.2	531.9	137.4	142.2	156.7	162.9	157.8	162.7	1,451.6
Grants and Contributions provided for Capital Purposes		68.9	93.7	84.8	60.0	307.3	56.8	60.8	66.5	60.4	56.7	57.7	666.2
Grants and Contributions provided for Operating Purposes		18.0	16.4	16.8	17.2	68.5	17.7	18.1	18.6	19.0	19.5	20.0	181.4
<b>Total Income from Continuing Operations</b>		<b>723.9</b>	<b>768.2</b>	<b>778.4</b>	<b>779.1</b>	<b>3,049.6</b>	<b>785.0</b>	<b>809.1</b>	<b>847.2</b>	<b>863.3</b>	<b>869.3</b>	<b>892.1</b>	<b>8,115.5</b>
<b>Expenses from Continuing Operations</b>													
Employee		256.2	263.8	270.9	277.8	1,068.8	286.3	292.4	300.7	309.3	318.5	328.9	2,904.9
Borrowing		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials and Services		140.3	142.2	148.2	152.0	582.7	156.6	157.7	167.4	172.5	177.8	182.9	1,597.7
Depreciation Expense		114.4	115.9	117.5	119.2	466.9	120.5	122.5	124.3	125.6	127.7	129.7	1,217.2
Other Expenditure		139.4	145.1	151.1	150.8	586.4	153.4	158.2	165.0	171.4	173.7	179.3	1,587.4
<b>Total Expenses from Continuing Operations</b>		<b>650.3</b>	<b>667.1</b>	<b>687.7</b>	<b>699.8</b>	<b>2,704.9</b>	<b>716.8</b>	<b>730.9</b>	<b>757.5</b>	<b>778.7</b>	<b>797.7</b>	<b>820.7</b>	<b>7,307.2</b>
<b>Net Operating Result for the Year</b>		<b>73.6</b>	<b>101.2</b>	<b>90.7</b>	<b>79.3</b>	<b>344.8</b>	<b>68.1</b>	<b>78.2</b>	<b>89.7</b>	<b>84.5</b>	<b>71.6</b>	<b>71.5</b>	<b>808.4</b>

#### Impact on Net Operating Result of an Additional Special Rates Variation (ASV) non-approval

The base case of this Long Term Financial Plan anticipates that a number of key income streams will continue a recovery during 2022/23, before returning to an expected long term average from 2023/24. It also assumes that the City's additional special rates variation (ASV) application is approved in June 2022. In other words, the City is granted a permanent 2.5% increase to ordinary rates. Scenarios have been modelled to demonstrate potential additional impacts changes to the City's ordinary rate base if the ASV is not successful in full or in part. In addition a third scenario has been modelled showing no ASV increase plus the impact of a prolonged COVID pandemic effect on key revenue streams.

This income statement reflects Scenario 2 that models the impact of the non approval of the ASV application. The adjustments under this scenario affect rates income by \$38.9M with annual rates income reduced by \$3M to \$4M over each of the years of the plan, as well as associated impacts to Interest and Investment income (\$5.1M total reduction).

# City of Sydney

## Long Term Financial Plan 2022/23 to 2031/23

### Cash Flow Forecast - Alternative Scenario 1b (Impact of non-approval of an Additional Special Rates Variation (ASV) on Cashflow)

	\$M	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Revenue:</b>											
Rates and Annual Charges		384.0	393.7	403.7	418.8	429.6	440.6	452.0	463.7	475.7	488.3
Other Operating Income		262.1	272.9	281.9	290.2	288.3	298.2	318.0	328.6	327.8	337.3
<b>Operating Income</b>		<b>646.1</b>	<b>666.7</b>	<b>685.6</b>	<b>709.0</b>	<b>717.8</b>	<b>738.8</b>	<b>770.0</b>	<b>792.3</b>	<b>803.6</b>	<b>825.6</b>
<b>Expenses:</b>											
Salary & Wages Expenditure		256.2	263.8	270.9	277.8	286.3	292.4	300.7	309.3	318.5	328.9
Other Operating Expenditure		272.4	276.3	288.2	291.4	298.6	304.3	320.6	331.8	339.2	349.5
<b>Operating Expenditure</b>		<b>528.6</b>	<b>540.1</b>	<b>559.1</b>	<b>569.3</b>	<b>584.9</b>	<b>596.7</b>	<b>621.3</b>	<b>641.0</b>	<b>657.7</b>	<b>678.4</b>
<b>Operating Surplus</b>		<b>117.5</b>	<b>126.6</b>	<b>126.5</b>	<b>139.7</b>	<b>133.0</b>	<b>142.1</b>	<b>148.7</b>	<b>151.3</b>	<b>145.9</b>	<b>147.2</b>
<b>Other Non Operating:</b>											
Interest income		7.5	6.3	6.4	8.4	8.7	7.8	8.9	8.7	7.1	6.8
Capital Related Project Expenses*		(5.8)	(9.5)	(9.5)	(9.8)	(9.8)	(10.0)	(10.1)	(10.3)	(10.4)	(10.7)
Depreciation		(114.4)	(115.9)	(117.5)	(119.2)	(120.5)	(122.5)	(124.3)	(125.6)	(127.7)	(129.7)
Capital Grants and Contributions		68.9	93.7	84.8	60.0	56.8	60.8	66.5	60.4	56.7	57.7
<b>Net Surplus/(Deficit)</b>		<b>73.6</b>	<b>101.2</b>	<b>90.7</b>	<b>79.3</b>	<b>68.1</b>	<b>78.2</b>	<b>89.7</b>	<b>84.5</b>	<b>71.6</b>	<b>71.5</b>
<b>Add Back:</b>											
Depreciation		114.4	115.9	117.5	119.2	120.5	122.5	124.3	125.6	127.7	129.7
<b>Cash Surplus before Capital Expenditure</b>		<b>188.0</b>	<b>217.1</b>	<b>208.2</b>	<b>198.4</b>	<b>188.6</b>	<b>200.7</b>	<b>214.0</b>	<b>210.1</b>	<b>199.3</b>	<b>201.1</b>
<b>Capital Expenditure</b>											
Capital Works		(212.1)	(224.5)	(191.4)	(154.7)	(162.3)	(187.1)	(186.2)	(175.9)	(183.7)	(184.3)
Plant and Asset Acquisitions/ICT Projects		(19.9)	(24.4)	(24.2)	(24.4)	(24.1)	(23.6)	(23.4)	(23.2)	(23.0)	(22.8)
Property (Acquisitions)/Divestments		(147.8)	(101.0)	28.7	84.0	(60.0)	(15.0)	(27.0)	(95.0)	0.0	0.0
<b>Total Capital Expenditure</b>		<b>(379.9)</b>	<b>(349.9)</b>	<b>(186.9)</b>	<b>(95.1)</b>	<b>(246.4)</b>	<b>(225.7)</b>	<b>(236.6)</b>	<b>(294.1)</b>	<b>(206.7)</b>	<b>(207.1)</b>
<b>Net Receivables/Payables Movement</b>		<b>13.8</b>	<b>(2.8)</b>	<b>7.4</b>	<b>(14.3)</b>	<b>(3.4)</b>	<b>(6.5)</b>	<b>(12.0)</b>	<b>(8.6)</b>	<b>(2.6)</b>	<b>(7.9)</b>
<b>Cash Surplus/(Deficit)</b>		<b>(178.0)</b>	<b>(135.7)</b>	<b>28.6</b>	<b>89.1</b>	<b>(61.1)</b>	<b>(31.5)</b>	<b>(34.6)</b>	<b>(92.6)</b>	<b>(10.0)</b>	<b>(13.9)</b>
<b>Total Cash at Beginning of Period</b>		<b>657.0</b>	<b>479.1</b>	<b>343.5</b>	<b>372.1</b>	<b>461.1</b>	<b>400.0</b>	<b>368.5</b>	<b>333.8</b>	<b>241.2</b>	<b>231.2</b>
Cash Surplus/(Deficit)		(178.0)	(135.7)	28.6	89.1	(61.1)	(31.5)	(34.6)	(92.6)	(10.0)	(13.9)
<b>Total Cash at End of Period</b>		<b>479.0</b>	<b>343.5</b>	<b>372.1</b>	<b>461.1</b>	<b>400.0</b>	<b>368.5</b>	<b>333.8</b>	<b>241.2</b>	<b>231.2</b>	<b>217.3</b>

\* This item of expenditure is included within Materials and Contracts expense on the Income Statement



## Long Term Financial Plan 2022/23 to 2031/23

### City of Sydney

#### Income Statement - Alternative Scenario 2 (prolonged impact of Covid-19 disruption on key revenue streams)

	\$'M	2022-23	2023-24	2024-25	2025-26	4 Year Total	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	10 Year Total
<b>Income from Continuing Operations</b>													
Rates & Annual Charges		387.5	397.3	407.3	422.6	1,614.7	433.4	444.5	456.0	467.8	480.0	492.6	4,389.1
Fees		120.0	119.7	120.7	123.8	484.2	127.0	131.5	136.1	139.7	143.4	147.2	1,309.1
Interest Income		7.4	6.1	6.0	7.8	27.4	7.9	6.7	7.3	6.4	4.4	3.6	63.6
Other Income		113.3	125.6	132.9	137.1	508.9	131.2	135.8	150.1	156.2	150.8	155.5	1,388.5
Grants and Contributions provided for Capital Purposes		68.9	93.7	84.8	60.0	307.3	56.8	60.8	66.5	60.4	56.7	57.7	666.2
Grants and Contributions provided for Operating Purposes		18.0	16.4	16.8	17.2	68.5	17.7	18.1	18.6	19.0	19.5	20.0	181.4
<b>Total Income from Continuing Operations</b>		<b>715.1</b>	<b>758.9</b>	<b>768.5</b>	<b>768.6</b>	<b>3,011.0</b>	<b>773.9</b>	<b>797.4</b>	<b>834.5</b>	<b>849.5</b>	<b>854.8</b>	<b>876.7</b>	<b>7,997.9</b>
<b>Expenses from Continuing Operations</b>													
Employee		256.2	263.8	270.9	277.8	1,068.8	286.3	292.4	300.7	309.3	318.5	328.9	2,904.9
Borrowing		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials and Services		140.3	142.2	148.2	152.0	582.7	156.6	157.7	167.4	172.5	177.8	182.9	1,597.7
Depreciation Expense		114.4	115.9	117.5	119.2	466.9	120.5	122.5	124.3	125.6	127.7	129.7	1,217.2
Other Expenditure		139.4	145.1	151.1	150.8	586.4	153.4	158.2	165.0	171.4	173.7	179.3	1,587.4
<b>Total Expenses from Continuing Operations</b>		<b>650.3</b>	<b>667.1</b>	<b>687.7</b>	<b>699.8</b>	<b>2,704.9</b>	<b>716.8</b>	<b>730.9</b>	<b>757.5</b>	<b>778.7</b>	<b>797.7</b>	<b>820.7</b>	<b>7,307.2</b>
<b>Net Operating Result for the Year</b>		<b>64.7</b>	<b>91.8</b>	<b>80.8</b>	<b>68.8</b>	<b>306.2</b>	<b>57.1</b>	<b>66.6</b>	<b>77.1</b>	<b>70.8</b>	<b>57.1</b>	<b>56.0</b>	<b>690.8</b>
<b>Net Operating Result (excl Light Rail Contribution)</b>		<b>64.7</b>	<b>91.8</b>	<b>80.8</b>	<b>68.8</b>	<b>306.2</b>	<b>57.1</b>	<b>66.6</b>	<b>77.1</b>	<b>70.8</b>	<b>57.1</b>	<b>56.0</b>	<b>690.8</b>

#### Impacts on base case Net Operating Result of prolonged negative effect on key revenue streams from the pandemic

The base case of this Long Term Financial Plan anticipates that a number of key income streams will continue a recovery during 2022/23, before returning to an expected long term average from 2023/24. It also assumes that the City's additional special rates variation (ASV) application is approved in June 2022. In other words, the City is granted a permanent 2.5% increase to ordinary rates. A third scenario has been modelled and presented here modelling the impact of a prolonged COVID pandemic effect on key revenue streams.

The adjustments under this scenario include;

- Advertising income reduced by \$37.8M
- Venue Hire income reduced by \$42.8M
- Commercial Property income reduced by \$63.1M
- Associated impacts on Interest and Investment income, reduced by \$12.8M

# City of Sydney

## Long Term Financial Plan 2022/23 to 2031/23

### Cash Flow Forecast - Alternative Scenario 2 (prolonged impact of Covid-19 disruption on key revenue streams)

	\$M	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
<b>Revenue:</b>											
Rates and Annual Charges		387.5	397.3	407.3	422.6	433.4	444.5	456.0	467.8	480.0	492.6
Other Operating Income		249.8	260.2	268.8	276.5	274.2	283.7	303.0	313.1	311.8	320.7
<b>Operating Income</b>		<b>637.3</b>	<b>657.5</b>	<b>676.1</b>	<b>699.1</b>	<b>707.6</b>	<b>728.2</b>	<b>759.0</b>	<b>780.9</b>	<b>791.8</b>	<b>813.4</b>
<b>Expenses:</b>											
Salary & Wages Expenditure		256.2	263.8	270.9	277.8	286.3	292.4	300.7	309.3	318.5	328.9
Other Operating Expenditure		272.4	276.3	288.2	291.4	298.6	304.3	320.6	331.8	339.2	349.5
<b>Operating Expenditure</b>		<b>528.6</b>	<b>540.1</b>	<b>559.1</b>	<b>569.3</b>	<b>584.9</b>	<b>596.7</b>	<b>621.3</b>	<b>641.0</b>	<b>657.7</b>	<b>678.4</b>
<b>Operating Surplus</b>		<b>108.7</b>	<b>117.4</b>	<b>117.0</b>	<b>129.9</b>	<b>122.7</b>	<b>131.5</b>	<b>137.7</b>	<b>139.9</b>	<b>134.0</b>	<b>135.0</b>
<b>Other Non Operating:</b>											
Interest income		7.4	6.1	6.0	7.8	7.9	6.7	7.3	6.4	4.4	3.6
Light Rail Contribution to NSW Government		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Related Project Expenses		(5.8)	(9.5)	(9.5)	(9.8)	(9.8)	(10.0)	(10.1)	(10.3)	(10.4)	(10.7)
Depreciation		(114.4)	(115.9)	(117.5)	(119.2)	(120.5)	(122.5)	(124.3)	(125.6)	(127.7)	(129.7)
Capital Grants and Contributions		68.9	93.7	84.8	60.0	56.8	60.8	66.5	60.4	56.7	57.7
<b>Net Surplus</b>		<b>64.7</b>	<b>91.8</b>	<b>80.8</b>	<b>68.8</b>	<b>57.1</b>	<b>66.6</b>	<b>77.1</b>	<b>70.8</b>	<b>57.1</b>	<b>56.0</b>
<b>Add Back :</b>											
Depreciation		114.4	115.9	117.5	119.2	120.5	122.5	124.3	125.6	127.7	129.7
<b>Cash Surplus before Capital Expenditure</b>		<b>179.2</b>	<b>207.7</b>	<b>198.3</b>	<b>187.9</b>	<b>177.6</b>	<b>189.0</b>	<b>201.4</b>	<b>196.4</b>	<b>184.8</b>	<b>185.7</b>
<b>Capital Expenditure</b>											
Capital Works - excluding Light Rail Contribution		(212.1)	(224.5)	(191.4)	(154.7)	(162.3)	(187.1)	(186.2)	(175.9)	(183.7)	(184.3)
Plant and Asset Acquisitions/ICT Projects		(19.9)	(24.4)	(24.2)	(24.4)	(24.1)	(23.6)	(23.4)	(23.2)	(23.0)	(22.8)
Property (Acquisitions)/Divestments		(147.8)	(101.0)	28.7	84.0	(60.0)	(15.0)	(27.0)	(95.0)	0.0	0.0
<b>Total Capital Expenditure</b>		<b>(379.9)</b>	<b>(349.9)</b>	<b>(186.9)</b>	<b>(95.1)</b>	<b>(246.4)</b>	<b>(225.7)</b>	<b>(236.6)</b>	<b>(294.1)</b>	<b>(206.7)</b>	<b>(207.1)</b>
<b>Net Receivables/Payables Movement</b>		<b>16.2</b>	<b>(2.8)</b>	<b>7.5</b>	<b>(14.2)</b>	<b>(3.3)</b>	<b>(6.4)</b>	<b>(11.9)</b>	<b>(8.5)</b>	<b>(2.5)</b>	<b>(7.8)</b>
<b>Cash Surplus / (Deficit)</b>		<b>(184.5)</b>	<b>(144.9)</b>	<b>18.8</b>	<b>78.7</b>	<b>(72.1)</b>	<b>(43.1)</b>	<b>(47.2)</b>	<b>(106.2)</b>	<b>(24.4)</b>	<b>(29.2)</b>
<b>Total Cash at Beginning of Period</b>		<b>657.1</b>	<b>472.6</b>	<b>327.7</b>	<b>346.5</b>	<b>425.1</b>	<b>353.0</b>	<b>309.9</b>	<b>262.8</b>	<b>156.6</b>	<b>132.1</b>
Cash Surplus/ (Deficit)		(184.5)	(144.9)	18.8	78.7	(72.1)	(43.1)	(47.2)	(106.2)	(24.4)	(29.2)
<b>Total Cash at End of Period</b>		<b>472.6</b>	<b>327.7</b>	<b>346.5</b>	<b>425.1</b>	<b>353.0</b>	<b>309.9</b>	<b>262.8</b>	<b>156.6</b>	<b>132.1</b>	<b>102.9</b>

\* This item of expenditure is included within Materials and Contracts expense on the Income Statement

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