Item 6.4
At Council
18 May 2026

Relevant Information for Council

FILE:	**X127618**	**DATE:**	15 May 2026
TO:	Lord Mayor and Councillors		
FROM:	Jean-Michel Carriere, Executive Director Finance and Procurement		
THROUGH:	Monica Barone PSM, Chief Executive Officer		
SUBJECT:	Information Relevant To Item 6.4 – Public Exhibition - Integrated Planning and Reporting Program and Budget 2026/27		

For Noting

This memo is for the information of the Lord Mayor and Councillors.

Purpose

To provide additional information regarding the actual cash balance versus projections over the past 10 years of the Long Term Financial Plan (LTFP).

Background

At the meeting of the Corporate, Finance, Properties and Tenders Committee on 11 May 2026, further information was sought on the following:

Explanation of the actual cash balance versus projections over the past 10 years of the LTFP

The City of Sydney's 2016 Resourcing Strategy and Long Term Financial Plan (LTFP) forecast closing cash in 2025/26 to be $200 million. The 2016 Resourcing Strategy and LTFP outlined the 10-year budget based on available information and assumptions at the time. The draft 2026 Resourcing Strategy and LTFP anticipates closing cash for 2025/26 to be $801 million.

Since 2016, strong development activity across the City of Sydney has accelerated population and economic growth driving higher developer contributions and rates revenue. This growth has reshaped the City's financial profile, with expanded revenue streams alongside a larger and more complex capital program to support sustained development in the CBD and high-density residential areas.

Detailed variance analysis has been documented in the City's quarterly reports to Council and is available in Council meeting minutes.

In summary, comparing the actual performance over the last 10 years compared to what was assumed in the 2016 iteration of the LTFP reveals the following significant cumulative differences over a 10 year period that contributed to cash being $601 million higher than assumed at that time.

- Capital grants and contributions were overall $524 million higher than anticipated including $174 million in cash and $350 million in kind during the "development boom".
- Rates income exceeded projections by $235 million over the 10-year period as a result of the following factors:
    - A NSW Court of Appeal ruling that enabled certain land to be classified as commercial rather than residential for rating purposes. This resulted in a one-off 13.8% uplift in rates and annual charges in that year, well above the assumptions in the 2016 iteration of the plan.
    - Higher-than-anticipated ongoing rate increases following the introduction of the population growth factor in the rate peg. Population growth has been included in the 2027 LTFP.
- A significant $65 million lift in advertising income was driven by a new contract. Advertising revenue is included in the 2027 LTFP.
- The $80 million alternative heritage floor space revenue was not anticipated in the 2016 iteration of the LTFP.
- Property acquisitions and disposals were $107 million favourable over the 10-year period, the largest contributor being the sale of the Fig and Wattle space.
- As a result, interest income was $109 million higher over the 10-year period supported by favourable interest rates compared to what was assumed in 2016.
- These were offset by $75 million higher capital expenditure, $90m higher employee-related expenditure and $51 million higher other operating expenditure over the period.

The cash projection included in the 2027 LTFP is in line with the projection from the 2026 LTFP.

Memo from Jean-Michel Carriere, Executive Director Finance and Procurement

Prepared by: Jean-Michel Carriere, Executive Director Finance and Procurement

Approved

P.M. Barone

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Chief Executive Officer