CITY OF SYDNEY

19 October 2026

At 2.00 pm

Corporate, Finance, Properties and Tenders Committee

Agenda

1. **Confirmation of Minutes**
2. **Statement of Ethical Obligations and Disclosures of Interest**
3. **Presentation of the 2025/26 Financial Statements and Audit Reports to Council**
4. **Audit, Risk and Compliance Committee Annual Report to Council 2025/26**
5. **Investments Held as at 30 September 2026**
6. **Tender - T-2025-1713 - City Road Works and Services**
7. **Tender and Contract Variation - T-2026-1749 - Resource Recovery Services for City Properties**
8. **Exemption from Tender - Purchase of 3 Trucks for the Bulky Waste Collection**
9. **Exemption from Tender - City Recital Hall Building Works**

Disclaimer, Terms and Guidelines for Speakers at Council Committees

As part of the democratic process, the City invites members of the community to speak directly to Councillors during Committee meetings about items on the agenda.

Webcast

In accordance with the *City of Sydney Code of Meeting Practice*, Committee meetings are recorded and webcast live on the City of Sydney website at https://webcast.cityofsydney.nsw.gov.au/

Members of the public attending a council or committee meeting may have their image, voice and personal information (including name and address) recorded, publicly broadcast and archived for the balance of the council's term or at least 12 months after the meeting, whichever is the longer period.

Consent

By attending a council or committee meeting, members of the public consent to this use of their image, voice and personal information.

Disclaimer

Statements made by individuals at a council or committee meeting, and which may be contained in a live stream or recording of the meeting are those of the individuals making them, and not of the City. To be clear, unless set out in a resolution of council, the City does not endorse or support such statements.

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Guidelines

To enable the Committee to hear a wide range of views and concerns within the limited time available, we encourage people interested in speaking at Committee to:

1. Register to speak by calling Secretariat on 9265 9702 or emailing secretariat@cityofsydney.nsw.gov.au before 10:00am on the day of the meeting.

2. Check the recommendation in the Committee report before speaking, as it may address your concerns so that you just need to indicate your support for the recommendation.

3. Note that there is a 3 minute time limit for each speaker (with a warning bell at 2 minutes) and prepare your presentation to cover your major points within that time.

4. Avoid repeating what previous speakers have said and focus on issues and information that the Committee may not already know.

5. If there is a large number of people interested in the same item as you, try to nominate 3 representatives to speak on your behalf and to indicate how many people they are representing.

Committee meetings can continue until very late, particularly when there is a long agenda and a large number of speakers. This impacts on speakers who have to wait until very late, as well as City staff and Councillors who are required to remain focused and alert until very late. At the start of each Committee meeting ,the Committee Chair may reorder agenda items so that those items with speakers can be dealt with first.

Committee reports are available at https://meetings.cityofsydney.nsw.gov.au/

Item 1.
Confirmation of Minutes

Minutes of the following meeting of the Corporate, Finance, Properties and Tenders Committee are submitted for confirmation:

Meeting of 14 September 2026

Item 2.
Statement of Ethical Obligations

In accordance with section 233A of the Local Government Act 1993, the Lord Mayor and Councillors are bound by the Oath or Affirmation of Office made at the start of the Council term to undertake their civic duties in the best interests of the people of the City of Sydney and the City of Sydney Council and to faithfully and impartially carry out the functions, powers, authorities and discretions vested in them under the Local Government Act 1993 or any other Act, to the best of their ability and judgement.

Disclosures of Interest

Pursuant to the provisions of the Local Government Act 1993, the City of Sydney Code of Meeting Practice and the City of Sydney Code of Conduct, Councillors are required to disclose and manage both pecuniary and non-pecuniary interests in any matter on the agenda for this meeting.

In both cases, the nature of the interest must be disclosed.

This includes receipt of reportable political donations over the previous four years.

Item 3.

Presentation of the 2025/26 Financial Statements and Audit Reports to Council

File No: X122203

Summary

This report presents the City's 2025/26 Financial Statements to Council and seeks authorisation to issue the public notice of the intention to present the audited statements to the public at the Council meeting of 16 November 2026.

The City of Sydney's Income Statement for the year ended 30 June 2026 reports a Net Operating Result for the year of $137.2M, in accordance with relevant accounting standards and reporting requirements, against a budget of $108.9M. An analysis of the City of Sydney's operating revenues and expenditures variances against the budget was set out in detail in the Q4 report to Council in August 2026.

In completing the 2025/26 Financial Statements, a number of final adjustments were made to the results reported to Council within the 2025/26 Quarter 4 Review of the Delivery Program. These adjustments are summarised below.

The Statement of Financial Position reports Net Assets of $17.1B, an increase of $608.9M over the year, reflecting a revaluation of a number of asset classes. The Office of Local Government requires councils to value non-current assets at fair value, on a staged approach over different years, and to continue this cycle on a rolling basis.

The City's General Purpose Financial Statements (GPFS) are required to reflect the Office of Local Government (OLG) Code of Accounting Practice and Financial Reporting ("the Code"). The Code no longer requires councils to disclosure financial performance ratios within the Statement of Performance Measurement.

However, the City has included the 2025/26 financial performance indicators as an unaudited supplementary disclosure at the end of the GPFS. The City considers these indicators to be a useful measure for understanding Council's financial performance, position and sustainability.

The City's auditor, the Audit Office of NSW, have reviewed the financial statements and have issued an unmodified (unqualified) Audit Opinion, as detailed in the (draft) audit reports attached to this report.

Recommendation

It is resolved that Council:

(A) receive the Financial Statements for City of Sydney for the year ended 30 June 2026, as shown at Attachment A to the subject report

(B) authorise Clover Moore AO - Lord Mayor of Sydney, Councillor Robert Kok (member - Audit, Risk and Compliance Committee), the Chief Executive Officer, and the Executive Director Finance and Procurement to sign the General Purpose Financial Statements

(C) authorise Clover Moore AO - Lord Mayor of Sydney, Councillor Robert Kok (member - Audit, Risk and Compliance Committee), the Chief Executive Officer, and the Executive Director Finance and Procurement to sign the Special Purpose Financial Statements

(D) receive the auditor's reports on the 2025/26 Annual Financial Statements as shown at Attachment B to the subject report

(E) authorise that notice be given for public presentation of the audited 2025/26 Financial Statements for the City of Sydney at the Council meeting on 16 November 2026.

Attachments

Attachment A. Draft 2025/26 Financial Statements

Attachment B. Draft independent auditors report and report on the conduct of the audit

Background

1. 2025/26 Financial Statements have been prepared for the City of Sydney in accordance with applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the Local Government Act 1993 and Regulations and the Local Government Code of Accounting Practice and Financial Reporting December 2025 (the Code).

2. Council is responsible for the preparation of the financial statements and associated disclosures. This includes maintaining adequate accounting records, establishing and monitoring appropriate internal controls, safeguarding Council assets, selecting and applying appropriate accounting policies, making reasonable accounting estimates and judgements, and ensuring compliance with relevant legislative and reporting requirements.

3. The City's General Purpose Financial Statements are required to reflect the Office of Local Government (OLG) Code of Accounting Practice and Financial Reporting ("the Code"). The Code requires that Infrastructure, Property, Plant and Equipment ("IPP&E") assets are carried at fair value, in accordance with Australian Accounting Standard AASB 13. For applicable asset classes, revaluations are to be undertaken on a minimum 5-year cycle. Open space and recreational assets, Heritage Collection and City Art asset classes were subject to a comprehensive revaluation in 2025/26.

4. It should be noted that Open Space and Recreational assets saw a $122.6M uplift from the existing book value, as reflected in the revaluation increment for the Open Space and Recreational asset class in Note C1-8 to the General-Purpose Financial Statements. The increase reflects the combined effect of updated replacement rates, improved asset data and componentisation, and revised condition assessments applied as part of the 2025/26 comprehensive revaluation.

5. The City's Investment Properties are revalued annually but fall under the requirements of a different accounting standard (AASB140). The annual revaluation has been undertaken for investment properties for the 2025/26 financial year, consistent with previous years' practice.

6. The draft financial statements were reviewed by the Audit Risk and Compliance Committee on 7 October 2026 for endorsement to Council for authorisation.

Key implications

Risks

7. The City's long-term financial sustainability is dependent on maintaining sufficient financial resources to fund operational requirements, asset renewal and capital works programs. Decisions that adversely impact operating results, unrestricted cash reserves or future revenue streams may reduce the City's capacity to maintain current service levels and deliver planned infrastructure outcomes.

8. The City maintains a low appetite for financial risks that may result in significant financial losses, operating deficits or deterioration in key financial sustainability indicators.

Financial implications

9. The financial statements reflect a Net Operating Result for the year of $137.2M which differs by $6.6M from the result reflected in the Q4 Report to Council in August 2026 ($130.7M). The timeframe for the delivery of the Q4 Report (in line with the Council meeting timetable) required a small number of accounting entries to be finalised subsequent to the presentation of the Q4 Report.

10. Adjustments made after the Q4 Report largely relate to the finalisation of accounting for completed capital projects, asset disposals associated with capital renewal works and depreciation adjustments arising from year end asset accounting finalisation, and can be summarised as follows:

	Fav/(Unfav) $M
Finalise expensing of complete capital works	(11.7)
Finalise Depreciation (due finalised capitalisation of new assets)	(1.4)
Recognise Loss on Sale of Assets	(5.4)
Year-end non-cash contribution finalisation	12.6
Year-end asset fair valuation uplift	12.3
Year-end accruals - updates and adjustments	0.2
Total	**6.6**

Relevant legislation

11. The Local Government Act 1993 requires Council's annual financial statements to be prepared and audited within four months after the end of the year concerned (section 416(1)).

12. Section 416(2) of the Local Government Act 1993 allows council to apply to the Departmental Chief Executive for an extension of that period.

13. The Local Government Act 1993 further requires that, as soon as practicable after a Council receives a copy of the auditor's reports:

    (a) it must fix a date for the meeting at which it proposes to present its audited financial statements, together with the auditor's reports, to the public; and it must give public notice of the date so fixed (section 419(1)).

    (b) it must give public notice of the date so fixed (section 419(1)).

Critical dates / Time frames

14. The 2025/26 Financial Statements must be prepared, audited and submitted to the office of local government by 31 October 2026.

15. A public notice must be placed to advise that the 2025/26 Financial Statements and the auditor's report will be presented to the public at the Council meeting of 16 November 2026. The financial statements will be included in the Annual Report which will be lodged with the Office of Local Government by 30 November 2026.

Public consultation

16. Following endorsement of the City's 2025/26 Financial Statements by Council, a notice will be issued for the presentation of the audited statements to the public at the Council meeting of 16 November 2026.

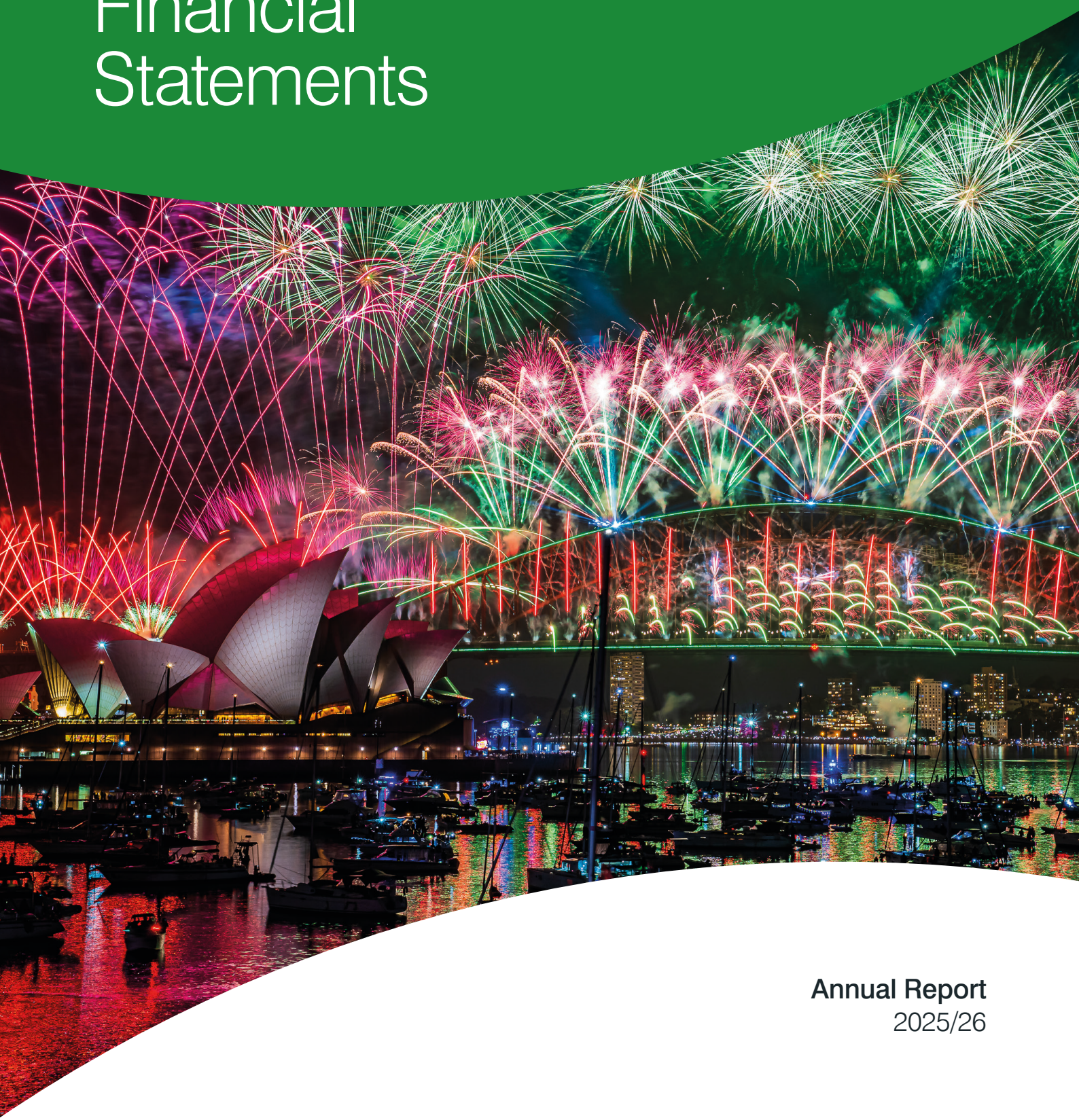
JEAN-MICHEL CARRIERE

Executive Director Finance and Procurement

Attachment A

Draft 2025/26 Financial Statements

General Purpose Financial Statements



Annual Report
2025/26

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

CITY OF SYDNEY

The Council of the City of Sydney acknowledges the Gadigal of the Eora Nation as the Traditional Custodians of our local area. We acknowledge Elders past and present and celebrate the diversity of Aboriginal and Torres Strait Islander peoples and their ongoing cultures and connections to Country.

General Purpose Financial Statements cover image: Sydney New Years Eve. Keith McInnes/ City of Sydney

Special Purpose Financial Statements cover image: Gunyama Park, Zetland. Chris Southwood/City of Sydney)

Special Schedules cover image: Artwork by Brenda L Croft, Wahganmuggalee (Farm Cove) . Abril Felman/City of Sydney

Council of the City of Sydney

General Purpose Financial Statements

for the year ended 30 June 2026

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Overview

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

456 Kent Street
Sydney NSW 2000

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

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

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

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

Statement by Councillors and Management for the year ended 30 June 2026 made pursuant to section 413 (2c) of the *Local Government Act 1993* (NSW)

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

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

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

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

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

Signed in accordance with a resolution of Council made on 26 October 2026.

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Clover Moore
Lord Mayor
26 October 2026

Robert Kok
Councillor
26 October 2026

Monica Barone
Chief Executive Officer
26 October 2026

Jean-Michel Carriere
Responsible Accounting Officer
26 October 2026

Council of the City of Sydney

Income Statement

for the year ended 30 June 2026

Original unaudited budget 2026	*$ '000*	Notes	*Actual 2026*	*Actual 2025*
	Income from continuing operations			
442,098	Rates and annual charges	B2-1	**441,594**	420,955
153,607	User charges and fees	B2-2	**165,361**	162,346
45,265	Other revenue	B2-3	**49,892**	50,103
18,166	Grants and contributions provided for operating purposes	B2-4	**21,075**	15,652
97,410	Grants and contributions provided for capital purposes	B2-4	**128,024**	111,331
30,401	Interest and investment income	B2-5	**33,125**	39,676
89,399	Other income	B2-6	**95,701**	109,685
876,346	**Total income from continuing operations**		**934,772**	909,748
	Expenses from continuing operations			
319,040	Employee benefits and on-costs	B3-1	**319,049**	306,623
248,888	Materials and services	B3-2	**290,406**	286,173
–	Borrowing costs	B3-3	**218**	211
70,533	Other expenses	B3-5	**52,365**	46,497
–	Net loss from the disposal of assets	B4-1	**6,126**	6,568
638,461	**Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets**		**668,164**	646,072
237,885	**Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets**		**266,608**	263,676
129,025	Depreciation, amortisation and impairment of non-financial assets	B3-4	**129,366**	130,214
108,860	**Operating result from continuing operations**		**137,242**	133,462
108,860	Net operating result for the year attributable to Council		**137,242**	133,462
11,449	**Net operating result for the year before grants and contributions provided for capital purposes**		**9,218**	22,131

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

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Council of the City of Sydney

Statement of Comprehensive Income

for the year ended 30 June 2026

$ '000	Notes	*2026*	*2025*
Net operating result for the year – from Income Statement		**137,242**	133,462
Other comprehensive income:			
Amounts which will not be reclassified subsequent to operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-8	**414,732**	1,116,252
Movement in Trust Assets reserve - Crown land revaluation	C1-8	**56,911**	201,866
Total items which will not be reclassified subsequent to operating result		**471,643**	1,318,118
Total comprehensive income for the year attributable to Council		**608,885**	1,451,580

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

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Council of the City of Sydney

Statement of Financial Position

as at 30 June 2026

$ '000	Notes	*2026*	*2025*
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	**61,369**	59,230
Investments	C1-2	**465,900**	520,800
Receivables	C1-4	**44,348**	42,535
Inventories	C1-5	**472**	417
Contract assets	C1-6	**20,286**	17,560
Other		**12,493**	11,626
Non-current assets classified as 'held for sale'	C1-7	**192,517**	200,597
Total current assets		**797,385**	852,765
Non-current assets			
Investments	C1-2	**137,550**	184,950
Receivables	C1-4	**50,131**	54,127
Infrastructure, property, plant and equipment (IPPE)	C1-8	**15,838,563**	15,219,212
Investment property	C1-9	**566,757**	551,793
Intangible assets	C1-10	**44,243**	34,715
Right of use assets	C2-1	**9,907**	9,652
Other		**42**	56
Total non-current assets		**16,647,193**	16,054,505
Total assets		**17,444,578**	16,907,270
LIABILITIES			
Current liabilities			
Payables	C3-1	**137,977**	195,685
Contract liabilities	C3-2	**42,676**	46,669
Lease liabilities	C2-1	**360**	341
Employee benefit provisions	C3-4	**78,775**	76,129
Provisions	C3-5	**12,281**	13,019
Total current liabilities		**272,069**	331,843
Non-current liabilities			
Contract liabilities	C3-2	**40,539**	54,132
Lease liabilities	C2-1	**10,764**	10,426
Employee benefit provisions	C3-4	**3,149**	2,388
Provisions	C3-5	**22,974**	22,283
Total non-current liabilities		**77,426**	89,229
Total liabilities		**349,495**	421,072
Net assets		**17,095,083**	16,486,198
EQUITY			
Accumulated surplus		**4,861,588**	4,724,346
IPPE revaluation surplus	C4-1	**8,349,547**	7,910,400
Trust Assets Reserve	C4-1	**3,883,948**	3,851,452
Total equity		**17,095,083**	16,486,198

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

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Council of the City of Sydney

Statement of Changes in Equity

for the year ended 30 June 2026

$ '000	Notes	2026 Accumulated surplus	2026 IPPE revaluation surplus	2026 Trust assets reserve	2026 Total equity	2025 Accumulated surplus	2025 IPPE revaluation surplus	2025 Trust assets reserve	2025 Total equity
Opening balance at 1 July		4,724,346	7,910,400	3,851,452	16,486,198	4,590,884	6,794,148	3,649,586	15,034,618
Opening balance		**4,724,346**	**7,910,400**	**3,851,452**	**16,486,198**	4,590,884	6,794,148	3,649,586	15,034,618
Net operating result for the year		137,242	–	–	137,242	133,462	–	–	133,462
Net operating result for the year		**137,242**	**–**	**–**	**137,242**	133,462	–	–	133,462
Other comprehensive income									
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-8	–	414,732	56,911	471,643	–	1,116,252	201,866	1,318,118
Other comprehensive income		**–**	**414,732**	**56,911**	**471,643**	–	1,116,252	201,866	1,318,118
Total comprehensive income		**137,242**	**414,732**	**56,911**	**608,885**	133,462	1,116,252	201,866	1,451,580
Transfers between equity items		–	24,415	(24,415)	–	–	–	–	–
Closing balance at 30 June		**4,861,588**	**8,349,547**	**3,883,948**	**17,095,083**	4,724,346	7,910,400	3,851,452	16,486,198

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

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Council of the City of Sydney

Statement of Cash Flows

for the year ended 30 June 2026

Original unaudited budget 2026	*$ '000*	Notes	*Actual 2026*	*Actual 2025*
	Cash flows from operating activities			
	Receipts:			
442,824	Rates and annual charges		**440,227**	420,927
151,974	User charges and fees		**179,074**	175,413
30,401	Interest received		**36,115**	41,105
95,374	Grants and contributions		**37,090**	135,237
–	Bonds, deposits and retentions received		**13,672**	8,409
132,748	Other receipts from Operating Activities		**174,175**	187,176
	Payments:			
(314,950)	Payments to employees		**(322,376)**	(293,292)
(238,394)	Payments for materials and services		**(342,355)**	(362,954)
–	Borrowing costs		**(218)**	(211)
–	Bonds, deposits and retentions refunded		**(8,146)**	(10,708)
(68,900)	Other payments for Operating Activities		**(47,697)**	(39,469)
231,077	**Net cash provided by operating activities**	G1-1(a)	**159,561**	261,633
	Cash flows from investing activities			
	Receipts:			
36,800	Sale/Redemption of investment securities - Floating Rate Notes		**36,800**	19,500
484,000	Redemption of term deposits		**489,000**	510,000
–	Sale of investment property		**–**	2,897
170,276	Sale of infrastructure, property, plant and equipment and non-current assets held for sale		**9,107**	3,723
2,607	Sale of intangible assets		**–**	–
	Payments:			
–	Purchase of investments - Floating Rate Notes		**(23,500)**	(40,650)
(547,965)	Acquisition of term deposits		**(400,000)**	(494,000)
(11,554)	Payments for investment property - acquisition and works		**(5,453)**	(1,487)
(338,963)	Payments for IPPE		**(245,458)**	(254,675)
(24,000)	Purchase of intangible assets		**(17,589)**	(13,127)
(228,799)	**Net cash flows from investing activities**		**(157,093)**	(267,819)
	Cash flows from financing activities			
	Payments:			
–	Principal component of lease payments		**(329)**	(319)
–	**Net cash flows from financing activities**		**(329)**	(319)
2,278	**Net change in cash and cash equivalents**		**2,139**	(6,505)
53,244	Cash and cash equivalents at beginning of year		**59,230**	65,735
55,522	Cash and cash equivalents at end of year	C1-1	**61,369**	59,230
661,590	plus: Investments on hand at end of year	C1-2	**603,450**	705,750
717,112	Total cash, cash equivalents and investments		**664,819**	764,980

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

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Council of the City of Sydney

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 26 October 2026. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

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

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

Council is a not for-profit entity.

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

Historical cost convention

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

Significant accounting estimates and judgements

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future. Actual result may differ from these estimates.

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

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

Significant judgements in applying the Council's accounting policies

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

Monies and other assets received by Council

The Consolidated Fund

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

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

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A1-1 Basis of preparation (continued)

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

The Trust Fund

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

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

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

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

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

Volunteer services

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

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2026 reporting period. Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2025.

Council's assessment of these new standards and interpretations expected to have an impact on the Council's future financial performance and financial position is set out below:

AASB 2024-2 *Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments [AASB 7 and AASB 9]*

This Standard amends AASB 7 and AASB 9 in response to feedback from the 2022 Post-implementation Review of the classification and measurement requirements in AASB 9 and related requirements in AASB 7 and the subsequent 2023 Exposure Draft.

This Standard amends requirements related to:
(a) settling financial liabilities using an electronic payment system; and
(b) assessing contractual cash flow characteristics of financial assets with environmental, social and corporate governance (ESG) and similar features.

This Standard also amends disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and adds disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs.

The Council's financial assets consist mainly of term deposits and floating rate notes (FRNs), both considered financial instruments. Given their straightforward nature and the Council's investment policies, these amendments are unlikely to materially affect their classification or measurement.

This Standard is effective for annual reporting periods beginning on or after 1 January 2026, and accordingly will first apply to the Council's financial statements for the year ending 30 June 2027.

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B Financial Performance

B1 Functions or activities

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

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

	Income		*Expenses*		*Operating result*		*Grants and contributions* [1]		*Carrying amount of assets*	
$ '000	***2026***	*2025*	***2026***	*2025*	***2026***	*2025*	***2026***	*2025*	***2026***	*2025*
Functions or activities										
Responsible governance and stewardship	**180,723**	193,108	**261,917**	273,070	**(81,194)**	(79,962)	**1,358**	2,024	**6,205,140**	6,147,027
A leading environmental performer	**3,265**	4,203	**115,985**	110,016	**(112,720)**	(105,813)	**2,405**	3,059	**432,689**	404,582
Public places for all	**133,531**	123,170	**188,677**	170,745	**(55,146)**	(47,575)	**70,627**	59,476	**10,376,382**	10,011,528
Design excellence and sustainable development	**19,553**	20,816	**52,937**	50,708	**(33,384)**	(29,892)	**5,121**	15,568	**230,192**	180,720
A city for walking, cycling and public transport	**109,140**	95,875	**16,469**	15,497	**92,671**	80,378	**43,209**	23,809	**93,722**	82,893
An equitable and inclusive city	**15,667**	15,393	**52,552**	49,525	**(36,885)**	(34,132)	**13,301**	13,195	**2,501**	2,079
Resilient and diverse communities	**55,536**	58,420	**57,177**	57,175	**(1,641)**	1,245	**1,319**	2,273	**8,020**	5,336
A thriving cultural and creative life	**4,483**	5,421	**15,327**	14,912	**(10,844)**	(9,491)	**852**	2,415	**94,347**	70,769
A transformed and innovative economy	**97**	97	**30,537**	31,864	**(30,440)**	(31,767)	**–**	–	**1,585**	2,336
Housing for all	**–**	–	**5,952**	2,774	**(5,952)**	(2,774)	**–**	–	**–**	–
General purpose income [2]	**412,777**	393,245	**–**	–	**412,777**	393,245	**10,907**	5,164	**–**	–
Total functions and activities	**934,772**	909,748	**797,530**	776,286	**137,242**	133,462	**149,099**	126,983	**17,444,578**	16,907,270

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

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

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B1-2 Components of functions or activities

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

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

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

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

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

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

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

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

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

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

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

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

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B2 Sources of income

B2-1 Rates and annual charges

$ '000	*2026*	*2025*
Ordinary rates		
Residential	**105,129**	99,503
Business	**267,530**	255,249
Less: pensioner rebates (mandatory)	**(458)**	(445)
Less: pensioner rebates (Council policy)	**(2,458)**	(2,286)
Rates levied to ratepayers	**369,743**	352,021
Pensioner rate subsidies received	**250**	240
Total ordinary rates	**369,993**	352,261
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	**70,948**	67,942
Stormwater management services	**2,131**	2,124
Less: pensioner rebates (mandatory)	**(268)**	(257)
Less: pensioner rebates (Council policy)	**(1,356)**	(1,254)
Annual charges levied	**71,455**	68,555
Pensioner annual charges subsidies received:		
– Domestic waste management	**146**	139
Total annual charges	**71,601**	68,694
Total rates and annual charges	**441,594**	420,955

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

Material accounting policy information

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

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

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

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

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B2-2 User charges and fees

$ '000	2026	2025
User charges and fees		
Planning and building regulation	**18,973**	19,789
Private works – section 67	**5,733**	8,423
Health inspections	**2,039**	1,849
Child care	**1,388**	1,310
Advertising space income	**21,083**	20,564
Parking meter income	**47,856**	44,083
Parking station income	**11,205**	10,946
Recreation facilities hire	**27,365**	24,314
Venue hire	**8,332**	7,986
Workzone and filming fees	**12,941**	15,102
Other	**8,446**	7,980
Total user charges and fees	**165,361**	162,346
Timing of revenue recognition for user charges and fees		
User charges and fees recognised over time	**57,231**	54,531
User charges and fees recognised at a point in time	**108,130**	107,815
Total user charges and fees	**165,361**	162,346

Material accounting policy information

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

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

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

B2-3 Other revenue

$ '000	2026	2025
Ex gratia rates	**786**	748
Fines	**39,575**	42,013
Sponsorship and donations	**78**	158
Other	**9,453**	7,184
Total other revenue	**49,892**	50,103
Timing of revenue recognition for other revenue		
Other revenue recognised over time	**–**	–
Other revenue recognised at a point in time	**49,892**	50,103
Total other revenue	**49,892**	50,103

Accounting policy

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

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B2-3 Other revenue (continued)

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

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

B2-4 Grants and contributions

$ '000	***Operating 2026***	*Operating 2025*	***Capital 2026***	*Capital 2025*
General purpose grants and non-developer contributions (untied)				
Financial Assistance Grant				
Related to current year	**4,139**	1,183	**–**	–
Prepayment received in advance for subsequent year [1]	**6,768**	3,981	**–**	–
Amount recognised as income during current year	**10,907**	5,164	**–**	–
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Child care	**3,124**	3,079	**–**	–
Community and recreation	**2,120**	2,434	**396**	423
Environmental programs	**64**	10	**513**	105
External contributions to capital projects	**–**	–	**18,614**	6,347
Library	**726**	709	**–**	–
Other contributions	**3,253**	3,293	**–**	–
Transport (other roads and bridges funding)	**881**	963	**8,219**	18,581
Total special purpose grants and non-developer contributions – cash	**10,168**	10,488	**27,742**	25,456
Non-cash contributions				
Land dedications	**–**	–	**13,913**	6,077
Total other contributions – non-cash	**–**	–	**13,913**	6,077
Total special purpose grants and non-developer contributions (tied)	**10,168**	10,488	**41,655**	31,533
Total grants and non-developer contributions	**21,075**	15,652	**41,655**	31,533
Comprising:				
– Commonwealth funding	**13,708**	7,956	**2,126**	2,597
– State funding	**4,333**	4,631	**7,002**	16,512
– Other funding	**3,034**	3,065	**32,527**	12,424
	21,075	15,652	**41,655**	31,533

(1) The 2026 – 2027 Financial Assistance Grant from Commonwealth Government was received by NSW Council in June 2026 and hence is reported as 2025 – 2026 income although it relates to 2026 – 2027 financial year.

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B2-4 Grants and contributions (continued)

Developer contributions

$ '000	Operating 2026	Operating 2025	Capital 2026	Capital 2025
Developer contributions: (s7.4 & s7.11 - EP&A Act, s61 of the City of Sydney Act):				
Cash contributions				
S 7.4 – contributions using planning agreements	**–**	–	**2,501**	1,291
S 7.11 – contributions towards amenities/services	**–**	–	**14,265**	8,074
S 7.12 – fixed development consent levies	**–**	–	**49,755**	37,678
S 61 – fixed development consent levies	**–**	–	**11,756**	2,492
Total developer contributions – cash	**–**	–	**78,277**	49,535
Non-cash contributions				
S 7.4 – contributions using planning agreements	**–**	–	**4,765**	7,817
S 7.11 – contributions towards amenities/services	**–**	–	**3,327**	22,446
Total developer contributions non-cash	**–**	–	**8,092**	30,263
Total contributions	**–**	–	**86,369**	79,798
Total grants and contributions	**21,075**	15,652	**128,024**	111,331
Timing of revenue recognition				
Grants and contributions recognised over time [2]	**2,206**	2,482	**27,742**	25,456
Grants and contributions recognised at a point in time	**18,869**	13,170	**100,282**	85,875
Total grants and contributions	**21,075**	15,652	**128,024**	111,331

(2) The FY2025 comparative has been reclassified to reflect $6.347m of external contributions to capital projects, previously recognised at a point in time, now recognised over time as the related works were delivered. This had no impact on total grants and contributions or the net result.

Unspent grants and contributions

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

$ '000	Operating 2026	Operating 2025	Capital 2026	Capital 2025
Grants				
Unspent funds at 1 July	**110**	1,171	**2,259**	86
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	**100**	–	**–**	–
Add: Funds received and not recognised as revenue in the current year	**287**	107	**1,167**	2,208
Less: Funds received in prior year but revenue recognised and funds spent in current year	**(108)**	(804)	**(396)**	(35)
Less: Funds received in prior year but not spent and returned in current year	**–**	(364)	**–**	–

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B2-4 Grants and contributions (continued)

$ '000	Operating 2026	Operating 2025	Capital 2026	Capital 2025
Unspent grants at 30 June	**389**	110	**3,030**	2,259
Contributions [2]				
Unspent cash contributions and future works receivable at 1 July	**–**	–	**90,320**	75,056
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	**–**	–	**12,011**	32,082
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	**–**	–	**(6,282)**	(16,818)
Unspent contributions at 30 June	**–**	–	**96,049**	90,320

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

Material accounting policy information

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

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

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

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

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

Capital grants

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

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

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

Developer contributions

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

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

B2-4 Grants and contributions (continued)

where Council receives an unconditional bank guarantee in respect of a developer's contribution obligation, the amount is recognised as income and a receivable.

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

Other grants and contributions

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

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

B2-5 Interest and investment income

$ '000	*2026*	*2025*
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	**884**	790
– Cash and investments	**32,241**	38,886
Total interest and investment income	**33,125**	39,676

B2-6 Other income

$ '000	Notes	*2026*	*2025*
Fair value increment on investment properties			
Fair value increment on investment properties		**12,230**	26,418
Total fair value increment on investment properties	C1-9	**12,230**	26,418
Rental income			
Investment properties			
Lease income - investment properties		**19,661**	21,164
Total investment properties lease income		**19,661**	21,164
Other commercial property income			
Lease income from Council properties not classified as Investment Property under AASB 140		**45,319**	43,648
Lease income relating to variable lease payments not dependent on an index or a rate		**18,491**	18,455
Total other lease income		**63,810**	62,103
Total rental income	C2-2	**83,471**	83,267
Total other income		**95,701**	109,685

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B3 Costs of providing services

B3-1 Employee benefits and on-costs

$ '000	*2026*	*2025*
Salaries and wages	**257,238**	243,882
Travel expenses	**192**	160
Employee leave entitlements (ELE)	**29,571**	29,821
Superannuation – defined contribution plans	**28,547**	24,924
Superannuation – defined benefit plans	**1,394**	2,693
Workers' compensation insurance	**8,128**	10,134
Fringe benefit tax (FBT)	**486**	507
Training costs (other than salaries and wages)	**1,664**	1,750
Other	**1,720**	1,614
Total employee costs	**328,940**	315,485
Less: capitalised costs	**(9,891)**	(8,862)
Total employee costs expensed	**319,049**	306,623

Material accounting policy information

Superannuation plans

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

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

B3-2 Materials and services

$ '000	Notes	*2026*	*2025*
Advertising		**454**	765
Asset maintenance and minor purchases		**10,281**	10,022
Audit Fees	F2-1	**321**	312
Bank charges		**2,242**	2,062
Books and periodicals		**104**	117
Consultancies		**2,731**	2,727
Contractor costs:			
– Building and facilities management		**64,436**	65,740
– City infrastructure management		**12,876**	12,551
– Parks management		**27,339**	25,920
– Project costs and minor contracts		**40,129**	36,721
– Waste disposal, recycling and graffiti removal		**45,053**	41,606
Election expenses		**–**	1,783
Computing costs		**17,197**	16,087
Councillor and Mayoral fees and associated expenses	F1-2	**923**	882
Event and project costs		**15,845**	17,534
Insurance		**6,063**	7,159
Land tax and water rates		**2,348**	2,635
Parking enforcement – payment to NSW government		**1,995**	3,117
Property related expenditure - other		**5,130**	4,617
Postage and couriers		**1,629**	1,732

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B3-2 Materials and services (continued)

$ '000	2026	2025
Printing and stationery	**986**	1,256
Public domain enhancement contributions	**2,641**	1,717
Raw materials and consumables	**5,050**	5,576
Research and development	**269**	318
Security	**3,577**	3,459
Storage	**897**	892
Street lighting	**3,110**	3,488
Telephone and communications	**2,851**	2,746
Utilities	**6,868**	6,224
Legal expenses:		
– Legal expenses: planning and development	**577**	651
– Legal expenses: other	**1,797**	1,450
Lease expenses:		
– Expenses from short-term leases	**–**	216
– Expenses from leases of low value assets	**77**	86
– Variable lease expense relating to usage	**702**	669
Other materials and services	**4,156**	4,098
Total materials and services	**290,654**	286,935
Less: capitalised costs	**(248)**	(762)
Total materials and services	**290,406**	286,173

B3-3 Borrowing costs

(i) Interest bearing liability costs

Interest expense relating to leases	**218**	211
Total borrowing costs expensed	**218**	211

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

$ '000	Notes	2026	2025
Infrastructure, Property, Plant and Equipment (IPPE)	C1-8		
Plant and equipment		**11,692**	9,065
Office equipment		**3,684**	3,408
Furniture and fittings		**1,108**	2,008
Infrastructure:			
– Buildings – non-specialised		**30,491**	39,380
– Buildings – specialised		**1,121**	910
– Roads		**28,154**	27,112
– Stormwater drainage		**8,000**	7,771
– Open space/recreational assets		**27,973**	27,116
– Poles and lighting		**7,187**	3,838
Other assets:			
– Library books		**684**	685
– Public art / open museum		**849**	893
Right of use assets	C2-1	**431**	367
Intangible assets – software (amortisation)	C1-10	**7,992**	7,661
Total depreciation, amortisation and impairment of non-financial assets		**129,366**	130,214

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

Material accounting policy information

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

Impairment of non-financial assets
Specialised assets held at fair value which are not primarily held for cash-generating purposes are not subject to impairment testing. These assets are reassessed annually to confirm their value is not materially different from fair value, and any impairment is captured through that process.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if there are indicators of impairment.

All other non-financial assets are tested for impairment if events suggest their carrying amount might not be recoverable. If the carrying amount is higher than the recoverable amount, an impairment loss is recognised. The recoverable amount is the greater of fair value (less selling costs) and value in use.

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

B3-5 Other expenses

$ '000	Notes	*2026*	*2025*
Impairment of receivables			
Rental and sundry debtors		**4,754**	374
Total impairment of receivables	C1-4	**4,754**	374
Other			
Contributions/levies to other levels of government		**20,058**	19,700
Donations, contributions and assistance to other organisations (Section 356)		**27,553**	26,423
Total other		**47,611**	46,123
Total other expenses		**52,365**	46,497

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B4 Gains or losses

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

$ '000	Notes	*2026*	*2025*
Gain (or loss) on disposal of property (excl. investment property)	C1-8		
Proceeds from disposal – property		**–**	1,900
Less: carrying amount of property assets sold/written off		**(13)**	(2,228)
Gain (or loss) on disposal		**(13)**	(328)
Gain (or loss) on disposal of plant and equipment	C1-8		
Proceeds from disposal – plant and equipment		**957**	1,523
Less: carrying amount of plant and equipment assets sold/written off		**(2,338)**	(479)
Gain (or loss) on disposal		**(1,381)**	1,044
Gain (or loss) on disposal of infrastructure	C1-8		
Proceeds from disposal – infrastructure		**–**	–
Less: carrying amount of infrastructure assets sold/written off		**(4,732)**	(1,681)
Gain (or loss) on disposal		**(4,732)**	(1,681)
Gain (or loss) on disposal of investment property	C1-9		
Proceeds from disposal – investment property		**–**	2,897
Less: carrying amount of investment property sold/written off		**–**	(8,500)
Gain (or loss) on disposal		**–**	(5,603)
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		**36,800**	19,500
Less: carrying amount of investments sold/redeemed/matured		**(36,800)**	(19,500)
Gain (or loss) on disposal		**–**	–
Gain (or loss) on disposal of term deposits	C1-2		
Proceeds from disposal/redemptions/maturities – term deposits		**489,000**	510,000
Less: carrying amount of term deposits sold/redeemed/matured		**(489,000)**	(510,000)
Gain (or loss) on disposal		**–**	–
Gain (or loss) on disposal of non-current assets classified as 'held for sale'	C1-7		
Proceeds from disposal – non-current assets 'held for sale'		**8,080**	300
Less: carrying amount of 'held for sale' assets sold/written off		**(8,080)**	(300)
Gain (or loss) on disposal		**–**	–
Net gain (or loss) from disposal of assets		**(6,126)**	(6,568)

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B5 Performance against budget

B5-1 Material budget variations

Council's original budget was adopted by the Council on 23 June 2025 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

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

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

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

$ '000	*2026 Budget*	*2026 Actual*	*2026 -------- Variance --------*		
Revenues					
Other revenues	**45,265**	**49,892**	**4,627**	**10%**	**F**
The favourable variance arose from income recognised through contractual claims related to a deferred payment fee. This fee was contractually agreed as compensation for the delayed settlement of the Fig and Wattle property divestment.					
Operating grants and contributions	**18,166**	**21,075**	**2,909**	**16%**	**F**
The favourable variance relates to Financial Assistance Grants. The budget was prepared on the assumption that the full annual grant would be received, consistent with prior years. However, 130% of funds were received. 50% relating to FY2026 and 80% relating to FY2027.					
Capital grants and contributions	**97,410**	**128,024**	**30,614**	**31%**	**F**
Capital contributions were favourable to budget across all Development Contributions Plans, reflecting the inherent difficulty of forecasting the timing of contribution receipts. This was partly offset by an unfavourable variance relating to the Local Pedestrian, Cycling and Traffic Calming improvement works grant, for which no grant income was recognised in FY2026 because the revised completion date for the works falls in FY2027. Under the funding agreement, the grant can only be claimed once all requirements have been met.					
Expenses					
Materials and services	**248,888**	**290,406**	**(41,518)**	**(17)%**	**U**
The unfavourable variance in Materials and Services primarily reflects presentation differences between the adopted budget and actual results. The adopted budget included waste collection expenses within Other Expenses. Following adoption, $19 million of waste collection costs was reclassified to Materials and Services, separate from the section 88 waste levy paid to the NSW Government. The variance also includes higher-than-budgeted project costs associated with the City's significant capital works programme. These costs related mainly to preliminary options reviews and asset demolitions. As they did not contribute to the enduring benefit of the relevant assets, they were recognised as operating expenses rather than capitalised. In addition, the adopted budget presented aquatics facility management fees on a net basis, whereas the financial statements recognise the related income and expenditure separately on a gross basis. This increased the actual expenditure reported for facility management fees in this category.					
Other expenses	**70,533**	**52,365**	**18,168**	**26%**	**F**
The adopted budget included waste collection expenses within the Other Expenses category. Following adoption, the waste collection component was separated from the section 88 waste levy paid to the NSW Government, resulting in the reclassification of $19m in collection costs to Materials and Contracts-Contributions/Levies to Other Levels of Government.					

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B5-1 Material budget variations (continued)

$ '000	2026 Budget	2026 Actual	2026 Variance		
Statement of cash flows					
Cash flows from operating activities	**231,077**	**159,561**	**(71,516)**	**(31)%**	**U**
The variance primarily reflects the distribution of $76.2 million in Affordable Housing contributions to Community Housing Providers during the first quarter of FY2026. These funds were received from developers in the final months of FY2025 under the City of Sydney Affordable Housing Contributions Program and held as externally restricted cash pending distribution. The impact was partly offset by higher-than-budgeted interest income due to stronger than anticipated interest rates.					
Cash flows from investing activities	**(228,799)**	**(157,093)**	**71,706**	**(31)%**	**F**
The favourable variance reflects lower capital works and property acquisition expenditure, including a planned $50 million commercial property acquisition now expected to settle in FY2027. Capital project underspends driven by delivery timing factors, such as weather and approval delays, will be carried forward to future years. In addtion, the delayed settlement of a budgeted asset held for sale also contributed to lower than budgeted term-deposit investment activity.					

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

$ '000	2026	2025
Cash assets		
Cash on hand and at bank	**60,474**	43,485
Cash equivalent assets		
– Deposits at call	**895**	15,745
Total cash and cash equivalents	**61,369**	59,230
Reconciliation of cash and cash equivalents		
Total cash and cash equivalents per Statement of Financial Position	**61,369**	59,230
Balance as per the Statement of Cash Flows	**61,369**	59,230

C1-2 Financial investments

$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Debt securities at amortised cost				
Long term deposits	**415,000**	**25,000**	484,000	45,000
Floating-rate notes (FRNs) (with maturities > 3 months)	**50,900**	**112,550**	36,800	139,950
Total investments	**465,900**	**137,550**	520,800	184,950
Total cash assets, cash equivalents and investments	**527,269**	**137,550**	580,030	184,950

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C1-2 Financial investments (continued)

Material accounting policy information

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

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

Classification
On initial recognition, Council classifies its financial assets as measured at:
- amortised cost

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

Amortised cost
Assets measured at amortised cost are financial assets where:
- the business model is to hold assets to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

$ '000	*2026*	*2025*
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	**664,819**	764,980
Cash, cash equivalents and investments not subject to external restrictions	**576,292**	612,450
Less: Externally restricted cash, cash equivalents and investments	**(88,527)**	(152,530)
External restrictions		
External restrictions – included in liabilities		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	**3,419**	2,469
External restrictions – included in liabilities	**3,419**	2,469

External restrictions – other
External restrictions included in cash, cash equivalents and investments above comprise:

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

$ '000	2026	2025
Developer contributions – general [1]	**42,529**	108,797
Domestic waste management	**42,579**	41,264
External restrictions – other	**85,108**	150,061
Total external restrictions	**88,527**	152,530

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

(1) Developer contributions include Section 7.13 affordable housing contributions, which are recognised as payables until remitted to community housing providers and have been classified as externally restricted funds (see Note G5-1).

$ '000	2026	2025

(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions	**576,292**	612,450
Less: Internally allocated cash, cash equivalents and investments	**(271,453)**	(315,397)
Unrestricted and unallocated cash, cash equivalents and investments	**304,839**	297,053

Internal allocations

At 30 June, Council has internally allocated funds to the following:

Supported accommodation, affordable and diverse housing fund	**15,888**	18,958
Employees leave entitlement	**8,192**	7,809
Green infrastructure	**2,040**	3,660
Green Square reserve	**134,992**	162,908
Heritage conservation fund	**50,104**	68,714
Performance cash bonds and retentions	**31,011**	25,701
Public liability insurance	**1,026**	1,047
Workers compensation	**28,200**	26,600
Total internal allocations	**271,453**	315,397

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

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

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

Developer Contributions - 100% of cash developer contributions levied under Section 7.11, Section 7.12, Section 61, and Section 7.4 (including contributions received through the Bonus Floor Space Scheme, Voluntary Planning Agreements, and the Developer Rights Scheme for Green Square Town Centre) not yet expended in accordance with the applicable deed or contributions plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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C1-4 Receivables

$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Rates and annual charges	**9,246**	**–**	8,950	–
Interest and extra charges relating to rates	**686**	**–**	570	–
User charges and fees	**12,807**	**–**	6,942	–
Accrued interest on investments	**7,452**	**–**	10,558	–
Net GST receivable	**3,771**	**–**	3,899	–
Rental debtors	**6,205**	**46**	15,001	63
Outstanding works in kind contributions [1]	**11,390**	**50,085**	3,616	54,064
Total	**51,557**	**50,131**	49,536	54,127
Less: provision for impairment				
Rental debtors and User charges & fees	**(7,209)**	**–**	(7,001)	–
Total provision for impairment – receivables	**(7,209)**	**–**	(7,001)	–

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C1-4 Receivables (continued)

$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Total net receivables	**44,348**	**50,131**	42,535	54,127

(1) Contribution receivables include outstanding works-in-kind contributions under the relevant contribution plans. Refer to footnote (2) in Note B2-4 and Note G5-1.

Material accounting policy information

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

Impairment

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

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

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

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

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

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

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

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

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

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

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

Rates and annual charges outstanding are secured against the property.

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C1-5 Inventories

$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Inventories at cost				
Stores and materials	**472**	**–**	417	–
Total inventories at cost	**472**	**–**	417	–
Total inventories	**472**	**–**	417	–

Material accounting policy information

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

C1-6 Contract assets

$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Accrued revenue	**20,286**	**–**	17,560	–
Total contract assets	**20,286**	**–**	17,560	–

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

$ '000	Notes	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Details of non-current assets held for sale					
Land	C1-8	**192,517**	**–**	200,597	–
Total non-current assets classified as held for sale		**192,517**	**–**	200,597	–

Details of assets

At 30 June 2026, Council continued to hold a surplus land parcel previously designated as ‘Land - Operational’ as held for sale. The disposal has been endorsed by Council and a contract is in place. Settlement, which had been anticipated during 2025/26, was delayed and is now expected to occur during 2026/27.

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C1-8 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2025			Asset movements during the reporting period								At 30 June 2026		
$ '000	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals [1]	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers [2]	Adjustments and transfers	Transfers from/(to) investment properties	Revaluation increments/(decrements)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress (WIP) [3]	295,636	–	295,636	133,016	105,807	–	–	(197,679)	–	(2,734)	–	334,046	–	334,046
Plant and equipment	131,326	(83,726)	47,600	11,954	1,508	(662)	(11,692)	922	6,303	–	–	146,337	(90,404)	55,933
Office equipment	23,034	(13,855)	9,179	1,944	44	–	(3,684)	683	–	–	–	25,705	(17,538)	8,167
Furniture and fittings	38,262	(33,826)	4,436	112	26	–	(1,108)	278	–	–	–	38,677	(34,934)	3,743
Land:														
– Operational land	2,518,063	–	2,518,063	–	8,374	–	–	–	23,891	–	42,319	2,592,646	–	2,592,646
– Community land	3,553,019	–	3,553,019	–	871	–	–	–	(219)	–	65,827	3,619,499	–	3,619,499
– Crown land	3,852,695	–	3,852,695	–	–	–	–	–	(24,415)	–	56,911	3,885,191	–	3,885,191
– Land under roads (post 30/6/08)	180,657	–	180,657	–	4,668	–	–	–	743	–	3,199	189,267	–	189,267
Infrastructure:														
– Buildings – non-specialised	2,445,319	(592,519)	1,852,800	454	–	(12)	(30,491)	34,647	–	–	70,351	2,560,324	(632,578)	1,927,746
– Buildings – specialised	74,268	(32,270)	41,998	25	–	–	(1,121)	20,663	–	–	2,316	98,477	(34,596)	63,881
– Roads, Bridges, Footways, Kerbs	2,540,942	(913,358)	1,627,584	–	2,234	(4,200)	(28,154)	78,798	17,685	–	68,172	2,757,332	(995,212)	1,762,120
– Stormwater drainage	566,856	(177,365)	389,491	–	140	–	(8,000)	17,648	608	–	11,835	602,712	(190,991)	411,721
– Open space/recreational assets	916,171	(554,061)	362,110	–	15	(532)	(27,973)	18,319	(50,160)	–	122,663	1,042,943	(618,498)	424,445
– Other structures – poles, lights, signs	312,342	(83,398)	228,944	–	98	–	(7,186)	20,121	31,909	–	–	416,378	(142,495)	273,883
– Other structures – trees	182,559	–	182,559	–	32	–	–	2,102	–	–	4,747	189,440	–	189,440
Other assets:														
– Heritage collections	9,934	–	9,934	–	96	–	–	–	–	–	852	10,882	–	10,882
– Library books	5,395	(3,698)	1,697	803	–	–	(684)	–	–	–	–	6,199	(4,382)	1,817
– City art	73,302	(12,492)	60,810	–	–	(1,677)	(850)	3,498	(98)	–	22,451	116,236	(32,100)	84,136
Total infrastructure, property, plant and equipment	17,719,780	(2,500,568)	15,219,212	148,308	123,913	(7,083)	(120,943)	–	6,247	(2,734)	471,643	18,632,291	(2,793,728)	15,838,563

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

(2) WIP Transfers consists of completed capital construction projects transferred from Work in Progress into the fixed asset register. Completed projects transferred include: $105.8M in capital renewal, $65.1M in capital upgrade and $29.6M in new infrastructure and facilities.

(3) Capital Work in Progress includes $332.7M for capital construction projects, $1.1M for Plant & Asset purchases, and $0.3M for Property acquisition projects.

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

By aggregated asset class	At 1 July 2024			Asset movements during the reporting period									At 30 June 2025		
$ '000	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals [1]	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers [2]	Adjustments and transfers	Tfrs from/(to) 'held for sale' category [3]	Tfrs from/(to) investment properties	Revaluation increments/(decrements)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress [4]	215,768	–	215,768	104,495	102,939	–	–	(124,569)	–	–	(2,997)	–	295,636	–	295,636
Plant and equipment	120,074	(80,731)	39,343	15,126	708	(479)	(9,065)	1,967	–	–	–	–	131,326	(83,726)	47,600
Office equipment	22,503	(13,817)	8,686	3,169	162	–	(3,408)	–	569	–	–	–	23,034	(13,855)	9,179
Furniture and fittings	37,734	(31,819)	5,915	297	–	–	(2,008)	231	–	–	–	–	38,262	(33,826)	4,436
Land:															
– Operational land	2,118,058	–	2,118,058	–	70,080	(2,066)	–	–	(52,413)	(8,080)	–	392,484	2,518,063	–	2,518,063
– Community land	2,912,723	–	2,912,723	–	5,518	–	–	–	50,754	–	–	584,024	3,553,019	–	3,553,019
– Crown land	3,649,586	–	3,649,586	–	–	–	–	1,243	–	–	–	201,866	3,852,695	–	3,852,695
– Land under roads (post 30/6/08)	178,440	–	178,440	–	559	–	–	–	1,659	–	–	–	180,657	–	180,657
Infrastructure:															
– Buildings – non-specialised	2,461,062	(608,774)	1,852,288	586	3,092	(163)	(39,380)	59,266	–	–	–	(22,890)	2,445,319	(592,519)	1,852,800
– Buildings – specialised	73,720	(30,327)	43,393	–	–	–	(910)	2,502	–	–	–	(2,986)	74,268	(32,270)	41,998
– Roads	2,462,704	(868,193)	1,594,511	–	474	(1,681)	(27,112)	19,765	(30)	–	–	41,657	2,540,942	(913,358)	1,627,584
– Stormwater drainage	549,168	(166,785)	382,383	–	93	–	(7,771)	8,374	–	–	–	6,412	566,856	(177,365)	389,491
– Other open space/recreational assets	871,271	(511,639)	359,632	–	17	–	(27,116)	20,204	–	–	–	9,374	916,171	(554,061)	362,110
– Other structures – poles, lights, signs	195,204	(75,310)	119,894	–	108	–	(3,838)	10,248	–	–	–	102,532	312,342	(83,398)	228,944
– Other structures – trees	176,397	–	176,397	–	10	–	–	507	–	–	–	5,645	182,559	–	182,559
Other assets:															
– Heritage collections	9,816	–	9,816	–	119	–	–	–	–	–	–	–	9,934	–	9,934
– Library books	5,874	(4,273)	1,601	–	781	–	(685)	262	–	–	–	–	5,395	(3,698)	1,697
– City art	73,041	(11,599)	61,442	–	–	–	(893)	–	–	–	–	–	73,302	(12,492)	60,810
Total Infrastructure, property, plant and equipment - Prior year	16,133,143	(2,403,267)	13,729,876	123,673	184,660	(4,389)	(122,186)	–	539	(8,080)	(2,997)	1,318,118	17,719,780	(2,500,568)	15,219,212

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

(2) WIP Transfers consists of completed capital construction projects transferred from Work in Progress into the fixed asset register. Completed projects transferred include: $85.5M in capital renewal, $25.7M in capital upgrade and $16.3M in new infrastructure and facilities.

(3) See note C1-7

(4) Capital Work in Progress includes $295M for capital construction projects, $0.6M for Plant & Asset purchases.

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continued on next page ...

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

Material accounting policy information

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

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

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

Useful lives of IPPE

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

	Useful lives
Plant, equipment, furniture and fittings	3 to 50
Land	Infinite
Infrastructure:	
– Buildings and other structures	10 - 400
– Roads, bridges and footpaths	20 - 300
– Drainage infrastructure	10 - 200
– Council Signage	Infinite
– Poles and lighting	15 - 50
– Open space / recreational assets	20 - 100
– Trees - street, park and properties trees	Infinite
Other assets	3-100

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

Revaluation model

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

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

Land under roads

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

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

Crown reserves and third party owned land

The Crown Land class includes assets that are owned by government and/or 3rd party entities, however Council retains both operational control of the assets and responsibility for the maintenance of improvements thereon. Council includes these land assets in the Statement of Financial Position, as well as the cost of any Council funded related improvements, on

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

the basis of its financial rights and responsibilities in controlling and maintaining the assets. Maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

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

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

C1-9 Investment properties

Owned investment properties

$ '000	Notes	*2026*	*2025*
At fair value			
Opening balance at 1 July		**551,793**	530,878
Capitalised subsequent expenditure	C1-8	**2,734**	2,997
Disposals during year	B4-1	**–**	(8,500)
Net gain/(loss) from fair value adjustments	B2-6	**12,230**	26,418
Closing balance at 30 June		**566,757**	551,793

Material accounting policy information
Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as part of other income.

C1-10 Intangible assets

Intangible assets are as follows:

$ '000	*2026*	*2025*
Software		
Opening values at 1 July		
Gross carrying amount	**71,094**	61,948
Accumulated amortisation	**(53,709)**	(46,048)
Software work in progress (WIP) balance	**14,788**	22,989
Net carrying amount – opening balance	**32,173**	38,889
Movements for the year		
– Development costs capitalised	**4,044**	9,715
– Transfer (to)/from IPP&E	**(6,303)**	(569)
– Amortisation charges	**(7,992)**	(7,661)
– Accumulated amortisation charges written off	**11,719**	–
– Work In Progress movement - net	**13,475**	(8,202)
Closing values at 30 June		
Gross carrying amount	**63,420**	71,094

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C1-10 Intangible assets (continued)

$ '000	2026	2025
Accumulated amortisation	**(49,982)**	(53,709)
Software work in progress (WIP) balance	**28,263**	14,788
Total software – net carrying amount	**41,701**	32,173

Transferable rights - heritage floor space

Total Transferable Rights - Heritage Floor Space – net carrying amount	**2,542**	2,542
Total intangible assets – net carrying amount	**44,243**	34,715

Material accounting policy information

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

Transferable rights - heritage floor space

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

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

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

C2 Leasing activities

C2-1 Council as a lessee

Buildings

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

Extension options

The lease contains five extension options of 15 years each, plus a further option of 9 years (i.e. total potential extensions of 84 years, following the initial 15 year term). Council has assessed the initial 15 year and the first extension option as reasonably certain, and included this option term in lease liability calculations. The further options are currently not considered to be reasonably certain, and have therefore been excluded from lease liability calculations (the present value of future lease payments at 30 June 2026, including all future extension options, is estimated at $29.3M, excluding the impact of any future CPI increases).

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C2-1 Council as a lessee (continued)

(a) Right of use assets

$ '000	*Building*	*Total*
2026		
Opening balance at 1 July	**9,652**	**9,652**
Depreciation charge	**(431)**	**(431)**
Lease liability remeasurement	**686**	**686**
Balance at 30 June	**9,907**	**9,907**
2025		
Opening balance at 1 July	10,005	10,005
Depreciation charge	(367)	(367)
Lease liability remeasurement	14	14
Balance at 30 June	9,652	9,652

Lease liabilities

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

$ '000	*< 1 year*	*1 – 5 years*	*> 5 years*	*Total*	*Total per Statement of Financial Position*
2026					
Cash flows	**571**	**2,315**	**11,006**	**13,892**	**11,124**
2025					
Cash flows	545	2,158	10,862	13,565	10,767

(b) Income Statement

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

$ '000	*2026*	*2025*
Interest on lease liabilities	**218**	211
Depreciation of right of use assets	**431**	367
Variable lease payments based on usage not included in the measurement of lease liabilities	**702**	669
Expenses relating to leases of low-value assets	**77**	86
Expenses relating to short-term leases	**–**	216
	1,428	1,549

(c) Statement of Cash Flows

Total cash outflow for leases	**546**	530
	546	530

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C2-1 Council as a lessee (continued)

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

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

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

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

Material accounting policy information

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

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

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

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

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and /or plant and equipment to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included in the Statement of Financial Position as:
– investment property – where the asset is held predominantly for rental or capital growth purposes (refer note C1-9)
– property, plant and equipment – where the rental is incidental, or the asset is held to meet Councils service delivery objective (refer note C1-8).

$ '000	***2026***	*2025*

(i) Assets held as investment property

Council classifies a number of properties as Investment Property under AASB 140, where the assets are primarily held for rental returns and/or capital appreciation over time.

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

C2-2 Council as a lessor (continued)

$ '000	2026	2025
Lease income (excluding variable lease payments not dependent on an index or rate)	**19,661**	21,164
Total income relating to operating leases for investment property assets	**19,661**	21,164
Direct operating expenses that generated rental income	**2,753**	2,351
Total expenses relating to operating leases of investment property	**2,753**	2,351
Contractual obligations for future repairs and maintenance	**2,177**	1,286
Total repairs and maintenance: investment property	**2,177**	1,286

(ii) Assets held as property, plant and equipment

Council leases a range of property assets on both commercial and (partially) subsidised terms including:

- Commercial, retail, industrial and residential property
- Footway and kiosk operator licences
- Stratum leases for airspace and tunnels in the public domain

Lease income (excluding variable lease payments not dependent on an index or rate)	**45,319**	43,648
Lease income relating to variable lease payments not dependent on an index or a rate	**18,491**	18,455
Total income relating to operating leases for Council assets	**63,810**	62,103

(iii) Maturity analysis of undiscounted lease payments to be received after reporting date for all operating leases:

Maturity analysis of future lease income receivable showing the undiscounted lease payments to be received after reporting date for operating leases:

< 1 year	**52,062**	43,797
1–2 years	**35,271**	36,211
2–3 years	**24,646**	27,037
3–4 years	**21,183**	23,623
4–5 years	**13,272**	20,017
> 5 years	**111,922**	119,427
Total undiscounted lease payments to be received	**258,356**	270,112

C3 Liabilities of Council

C3-1 Payables

$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Creditors – Goods and services	**18,077**	**–**	14,065	–
Goods and services – capital expenditure	**11,561**	**–**	11,826	–
Accrued employee costs	**4,582**	**–**	11,674	–
Accrued expenditure - other	**59,915**	**–**	50,267	–
Affordable Housing Program Contributions	**7,956**	**–**	76,157	–
Performance cash bonds, deposits and retentions	**31,012**	**–**	25,702	–
Prepaid rates	**3,725**	**–**	4,796	–

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C3-1 Payables (continued)

$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Other	**1,149**	**–**	1,198	–
Total payables	**137,977**	**–**	195,685	–

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

$ '000	2026	2025
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	**20,491**	15,594
Total payables	**20,491**	15,594

Material accounting policy information

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

C3-2 Contract Liabilities

$ '000	Notes	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Funds to construct Council controlled assets	(i)	**3,030**	**–**	2,260	–
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15	(ii)	**289**	**–**	110	–
Heritage conservation fund	(iii)	**9,565**	**40,539**	14,582	54,132
Deposits received in advance of services provided	(iv)	**29,792**	**–**	29,717	–
Total contract liabilities		**42,676**	**40,539**	46,669	54,132

Notes

(i) Council has received funding to construct assets including open space renewal, electrification of aquatic centres and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

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

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

(iv) Upfront payments received do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue when the relevant performance obligations are satisfied.

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C3-2 Contract Liabilities (continued)

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

$ '000	Notes	*2026*	*2025*
Grants and contributions received in advance:			
Funds to construct Council controlled assets		**396**	35
Funds received prior to performance obligation being satisfied (upfront payments) - AASB 15		**108**	804
Heritage conservation fund	(v)	**18,609**	6,341
Deposits received in advance of services provided		**13,365**	6,907
Total revenue recognised that was included in the contract liability balance at the beginning of the period		**32,478**	14,087

Notes
(v) Revenue recognised from the Heritage Conservation Fund relates to eligible heritage conservation works delivered under the Alternative Heritage Floor Space Allocation Scheme. The higher revenue recognised compared with the prior year was primarily driven by increased eligible expenditure on construction and open space renewal works associated with the Hyde Park lighting project.

C3-3 Borrowings

Financing arrangements

$ '000	*2026*	*2025*
Total financing facilities available to Council at the reporting date are:		
Credit cards/purchase cards	**1,500**	1,500
Total financing arrangements	**1,500**	1,500
Financing facilities drawn down at the reporting date are:		
– Credit cards/purchase cards	**71**	195
Total drawn financing arrangements	**71**	195
Undrawn financing facilities available to Council at the reporting date are:		
– Credit cards/purchase cards	**1,429**	1,305
Total undrawn financing arrangements	**1,429**	1,305

C3-4 Employee benefit provisions

$ '000	*2026 Current*	*2026 Non-current*	*2025 Current*	*2025 Non-current*
Annual leave	**17,876**	**–**	17,138	–
Sick leave	**2,553**	**–**	2,804	–
Long service leave	**57,997**	**3,149**	55,857	2,388
Public holidays	**349**	**–**	330	–
Total employee benefit provisions	**78,775**	**3,149**	76,129	2,388

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C3-4 Employee benefit provisions (continued)

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

$ '000	2026	2025
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	**52,191**	50,711
	52,191	50,711

Material accounting policy information

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

C3-5 Provisions

$ '000	2026 Current	2026 Non-Current	2025 Current	2025 Non-Current
Other provisions				
Self insurance – workers compensation	**6,400**	**21,800**	6,000	20,600
Self insurance – public liability	**726**	**300**	894	153
Superannuation	**–**	**874**	–	1,530
Provision for rent waivers (Covid-19)	**85**	**–**	406	–
Other	**470**	**–**	1,119	–
Sub-total – other provisions	**7,681**	**22,974**	8,419	22,283
Asset remediation/restoration:				
Asset remediation/restoration (future works)	**4,600**	**–**	4,600	–
Sub-total – asset remediation/restoration	**4,600**	**–**	4,600	–
Total provisions	**12,281**	**22,974**	13,019	22,283

Movements in provisions

			Other provisions				
$ '000	Asset remediation	Workers Compensation	Public liability	Superannuation	Rental Waivers	Other	Total
2026							
At beginning of year	**4,600**	**26,600**	**1,047**	**1,530**	**406**	**1,120**	**35,303**
Additional provisions	**–**	**7,120**	**835**	**–**	**–**	**630**	**8,585**
Amounts used (payments)	**–**	**(6,527)**	**(856)**	**–**	**(159)**	**(643)**	**(8,185)**
Remeasurement effects	**–**	**1,007**	**–**	**(656)**	**–**	**(110)**	**241**
Unused amounts reversed	**–**	**–**	**–**	**–**	**(162)**	**(527)**	**(689)**
Total other provisions at end of year	**4,600**	**28,200**	**1,026**	**874**	**85**	**470**	**35,255**

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C3-5 Provisions (continued)

2025							
At beginning of year	4,600	23,400	572	1,425	1,226	5,531	36,754
Additional provisions	–	6,913	891	–	–	476	8,280
Amounts used (payments)	–	(6,930)	(378)	–	(443)	(3,471)	(11,222)
Remeasurement effects	–	3,217	–	105	–	(1,195)	2,127
Unused amounts reversed	–	–	(38)	–	(377)	(221)	(636)
Total other provisions at end of year	4,600	26,600	1,047	1,530	406	1,120	35,303

Nature and purpose of provisions

Public liability and Workers Compensation - self-insurance
Self insurance provisions represent both (i) claims incurred but not reported and (ii) claims reported and estimated as a result of Council's being a self insurer up to certain levels of excess. Council has decided to self-insure for various risks, including public liability, workers compensation and professional indemnity. A provision for self-insurance has been made to recognise outstanding claims. Council also maintains cash and investments to meet expected future claims; refer to Note C1-3.

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

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

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

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

Defined Benefit Plans - additional disclosures

A) Multi-Employer Pooled Fund

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

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

Pooled employers are required to pay future service employer contributions and past service employer contributions to the Fund.

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

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

**For 180 Point Members, Employers are required to contribute 9.5% from 1 July 2025 of salaries to these members' accumulation accounts in line with current level of SG contributions, which are paid in addition to members' defined benefits.*

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C3-5 Provisions (continued)

The adequacy of contributions is assessed at each actuarial investigation which will be conducted annually, the next of which is due effective 30 June 2026.

b) a description of the extent to which the entity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan.

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

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

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

(i) wind-up of the plan

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

(ii) entity's withdrawal from the plan

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

d) Given the entity accounts for that plan as if it were a defined contribution plan in accordance with paragraph 34, the following information:

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

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

(1) Assets are not segregated within the sub-group according to the employees of each sponsoring employer;
(2) The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer;
(3) Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer; and
(4) The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

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

(iii) the expected contributions to the plan for the next annual reporting period.

The expected contributions by Council to the Fund for the next annual reporting period are $505,283.60.

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

The estimated employer reserves financial position for the Pooled Employers at 30 June 2026 is:

Defined Benefit reserves only (excluding other accumulation amounts in both assets and liabilities)	$M	Asset Coverage
Assets	2,127.6	
Past Service Liabilities	1,966.9	108.2%
Vested benefits	2,007.4	106.0%

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

Investment return	6.25% p.a.
Salary inflation (plus promotional increases)	4.0% 2026/27 to 2028/29; 3.5% p.a. thereafter
Increase in CPI	4.1% 2025/26; 3.75% 2026/27; 2.5% p.a. thereafter

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

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C3-5 Provisions (continued)

reserves financial position above is a preliminary calculation, and once all relevant information have been received by the Fund's Actuary, the final end of year review will be completed by December 2026.

(v) an indication of the level of Council's participation in the plan compared with other participating entities.
Council's participation in the Scheme compared with other entities is about 5.09%, based on the Council's current level of annual past service contributions of $499,561.14. The last valuation of the Fund was performed by Mr Richard Boyfield, FIAA as at 30 June 2025.

B) Defined Benefit Pooled Fund

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

Nature of the benefits provided by the fund:
The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

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

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

Material accounting policy information

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.
Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation Surplus

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

Trust assets reserves

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

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D Council structure

D1 Financial result and financial position by fund

Council utilises only a general fund for its operations.

D2 Interests in other entities

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

D3 Discontinued operations

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

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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

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

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

$ '000	***Carrying value 2026***	*Carrying value 2025*	***Fair value 2026***	*Fair value 2025*
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	**61,369**	59,230	**61,370**	59,231
Receivables	**94,479**	96,662	**94,479**	96,662
Investments				
– Debt securities at amortised cost	**603,450**	705,750	**605,419**	707,572
Contract assets	**20,286**	17,560	**20,286**	17,560
Total financial assets	**779,584**	879,202	**781,554**	881,025
Financial liabilities				
Payables	**137,977**	195,685	**137,977**	195,685
Lease liabilities	**11,124**	10,767	**11,124**	10,767
Total financial liabilities	**149,101**	206,452	**149,101**	206,452

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

Fair value is determined as follows:

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

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

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

The risks associated with the instruments held are:

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

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

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(a) Market risk – interest rate and price risk

$ '000	***2026***	*2025*

The impact on the result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.

Impact of a 1% movement in interest rates		
– Equity / Income Statement	**6,615**	7,622

(b) Credit risk

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

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

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

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

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

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

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

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

Credit risk profile

Receivables – rates and annual charges

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

$ '000	Not yet overdue	overdue rates and annual charges < 5 years	≥ 5 years	Total
2026				
Gross carrying amount	**–**	**8,973**	**273**	**9,246**
2025				
Gross carrying amount	(1)	8,806	145	8,950

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors to provide for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, non-rates and annual charges debtors have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision as at 30 June 2026 is determined as follows. The expected credit losses incorporate forward-looking information.

$ '000	Not yet overdue	Overdue debts 0 - 30 days	31 - 60 days	61 - 90 days	> 91 days	Total
2026						
Gross carrying amount	**94,618**	**6,725**	**1,083**	**957**	**9,345**	**112,728**
Expected loss rate (%)	**0.00%**	**2.15%**	**52.30%**	**69.01%**	**62.47%**	**6.40%**
ECL provision	**–**	**145**	**566**	**660**	**5,838**	**7,209**
2025						
Gross carrying amount	91,854	8,390	817	600	10,612	112,273
Expected loss rate (%)	0.00%	1.50%	0.75%	40.27%	62.45%	6.24%
ECL provision	–	126	6	242	6,627	7,001

(c) Liquidity risk

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

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

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

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

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

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

$ '000	*Weighted average interest rate*	*Subject to no maturity*	*≤ 1 Year*	*payable in: 1 - 5 Years*	*> 5 Years*	*Total cash outflows*	*Actual carrying values*
2026							
Payables	**0.00%**	**31,012**	**106,965**	**–**	**–**	**137,977**	**137,977**
Total financial liabilities		**31,012**	**106,965**	**–**	**–**	**137,977**	**137,977**
2025							
Payables	0.00%	25,702	169,983	–	–	195,685	195,685
Total financial liabilities		25,702	169,983	–	–	195,685	195,685

E2-1 Fair value measurement

The Council measures the following asset and liability classes at fair value on a recurring basis:
- Infrastructure, property, plant and equipment
- Investment property

For the comparative period shown, Counci measured the following assets at fair value on a non-recurring basis:
- Non-current assets classified as 'held for sale'

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

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

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

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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E2-1 Fair value measurement (continued)

Recurring fair value measurements

		Fair value measurement hierarchy					
		Level 2 Significant observable inputs		*Level 3 Significant unobservable inputs*		*Total*	
$ '000	Notes	***2026***	*2025*	***2026***	*2025*	***2026***	*2025*
Investment property	C1-9						
Investment property portfolio		**566,757**	551,793	**–**	–	**566,757**	551,793
Total investment property		**566,757**	551,793	**–**	–	**566,757**	551,793
Infrastructure, property, plant and equipment (IPP&E)	C1-8						
Plant and equipment		**–**	–	**55,934**	47,586	**55,934**	47,586
Office equipment		**–**	–	**8,167**	9,179	**8,167**	9,179
Furniture and fittings		**–**	–	**3,743**	4,436	**3,743**	4,436
Operational land		**2,429,768**	2,402,563	**162,878**	115,500	**2,592,646**	2,518,063
Community land		**–**	–	**3,619,499**	3,553,019	**3,619,499**	3,553,019
Crown and third party owned land		**–**	–	**3,885,191**	3,852,695	**3,885,191**	3,852,695
Land under roads (post 30/6/2008)		**–**	–	**189,267**	180,657	**189,267**	180,657
Open space		**–**	–	**424,445**	362,111	**424,445**	362,111
Buildings – non specialised		**569,051**	560,531	**1,358,694**	1,292,269	**1,927,745**	1,852,800
Buildings – specialised		**–**	–	**63,881**	41,998	**63,881**	41,998
Other structures – trees		**–**	–	**189,440**	182,559	**189,440**	182,559
Other structures – poles, lights, signs		**–**	–	**273,883**	234,187	**273,883**	234,187
Roads, bridges, footpaths, kerbs		**–**	–	**1,762,120**	1,627,584	**1,762,120**	1,627,584
Stormwater drainage		**–**	–	**411,721**	389,490	**411,721**	389,490
Heritage collections		**–**	–	**10,882**	9,934	**10,882**	9,934
Library books		**–**	–	**1,817**	1,697	**1,817**	1,697
City art		**–**	–	**84,136**	60,810	**84,136**	60,810
Total IPP&E		**2,998,819**	2,963,094	**12,505,698**	11,965,711	**15,504,517**	14,928,805

Non- recurring fair value measurements

Non-current assets classified as held for sale	C1-7						
Land		**192,517**	200,597	**–**	–	**192,517**	200,597
Total NCA's classified as held for sale		**192,517**	200,597	**–**	–	**192,517**	200,597

Transfers between level 1 and level 2 fair value hierarchies

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

Valuation techniques

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

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

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E2-1 Fair value measurement (continued)

Investment properties

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

The Market approach was used for investment land where the relevant inputs were able to be observed from current market evidence.

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

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

Infrastructure, property, plant and equipment (IPPE)

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

Buildings (Specialised and Non-Specialised)
Comprehensive valuations of all building assets were undertaken by an external, qualified valuer, in compliance with AASB 13 Fair Value Measurement. Depending upon the unique circumstances of the building asset and other structure, each has been valued using a range of approaches:

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

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

The unobservable inputs such the relationship between condition and the assessed level of remaining service potential of the depreciable amount required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

Operational Land
Fair value of this asset class is estimated based on appraisals performed by an independent and professionally qualified property valuer in 2024/25. Land valuations take into consideration the characteristics of the land, such as size, zoning, topography, configuration etc. Depending upon the unique circumstances of each lot, land has been valued using one of the following approaches:

- Direct comparison to sales approach: The most widely used approach. Recent sales of similar properties are utilised as indicative of value, with site-specific characteristics allowed for.
- Value to an Adjoining Owner approach: in limited cases where there is no open market for a parcel, it may hold commercial value to an adjoining land owner. Value is considered to be the difference between the value of the adjacent land parcel with and without the subject parcel being included.

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E2-1 Fair value measurement (continued)

- Nominal Value approach: sites with limited or no commercial utility (standalone or to adjacent owner) were valued at a nominal cost of acquisition ($1,000).

The Value to an Adjoining Owner and Nominal Value approaches each incorporate unobservable inputs, however the majority of valuations for the class reflect Level 2 (observable) inputs.

Community Land (Council-owned)
Fair value of this asset class is estimated based on appraisals performed by an independent and professionally qualified property valuer in 2024/25. Land valuations take into consideration the characteristics of the land, such as size, zoning, topography, configuration etc. Based on the unique circumstances of each lot, one of the following approaches was applied:

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

The Hypothetical Development, Value to an Adjoining Owner and Nominal Value approaches all incorporate unobservable inputs. A significant unobservable input is a discount (25% reduction) applied to the land values, in recognition of the 'restrictions' associated with community land, in particular the lack of ability to sell the land or put it to an alternative purpose.

Crown and Third party owned Land (Council-controlled)
Consistent with the Office of Local Government Code of Accounting Practice and Financial Reporting, Crown Reserves under Council's care and control are recognised as assets of the Council. Fair value of this asset class is estimated based on appraisals performed by an independent and professionally qualified property valuer in 2024/25, with a further adjustment made to 'discount' these valuations (50% reduction) in order to reflect implicit restrictions associated with the land type (specifically, Council's lack of ownership interest and ability to sell the land or put it to an alternative purpose). This discount is an unobservable input, applied to the observable inputs used by the external valuer (consistent with the Operational and Community Land classes).

Land Under Roads (post 30/06/2008)
Council utilises the 'englobo' valuation methodology for Land Under Roads, as allowable under the Office of Local Government Code of Accounting Practice and Financial Reporting. The approach utilises the average land valuation rate from the NSW Valuer-General for the Local Government Area, and applies a 90% 'discount' to reflect the restrictions' inherent to land under roads (in particular, the difficulty associated with sale or transfer). Land Under Roads was comprehensively revalued in 2022/23.

Infrastructure – Roads, Bridges, Footpaths, Stormwater Drainage,Signs, Poles & Lights
Fair value of these asset classes is determined on the current replacement cost (CRC) approach, being the amount that would be required to replace the current service capacity of an asset. CRC is determined with reference to current third party asset works contracts and the assessed remaining service potential of the assets. Signs and Poles & Lights were revalued in 2024/25. The valuation calculation was compiled by council staff using updated unit rates, asset quantities, and condition assessments. Key data inputs include updated unit rates based on the new major Civil Works Contract commenced in 2024/25, as well as asset quantities and condition data collected by the new public lighting and electrical maintenance contractor, also commenced in 2024/25. The remaining infrastructure asset classes were revalued in 2021/22. Key data inputs informing valuation calculations – including asset quantities, materials and conditions – were compiled by Council staff, utilising external consultant reports where available.

Since the last comprehensive revaluation, annual interim valuation adjustments have been applied to reflect indicative movements in CRC. In prior years, these adjustments were based on the annual uplift percentages applied to major construction service contracts. The new Major Civil Works Contract commenced in 2024/25. During the transition between contracts, no uplift was applied to rates under the expired contract. The new contract was subsequently established and delivered the majority of the road and stormwater infrastructure renewal program in 2025/26.For the 2025/26 interim valuation, the Roads and Stormwater asset classes were indexed using relevant ABS indices: 6427017-3101 Road and bridge construction – New South Wales for roads, bridges and footpaths, and 6427017-3109 Other heavy and civil engineering construction – Australia for stormwater drainage. Both asset classes are due for comprehensive revaluation in 2026/27, which will include a full unit rate and quantity review and reconciliation.

Open Space & Recreational Assets
Fair value of these asset classes is determined on the current replacement cost approach substantially based on replacement costs determined with reference to current third party asset renewal contracts and recently completed renewal works. These standard unit rates are a significant unobservable input and reflect an estimate determined by internal staff.

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E2-1 Fair value measurement (continued)

An additional estimate relates to the assessed condition of assets, which is used to determine the expected remaining useful life (and accordingly the accumulated depreciation) of assets. Gross replacement cost less accumulated depreciation is considered to reflect fair value. The Open Space asset class was comprehensively revalued on this basis at 30 June 2026.

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

Heritage Collections and City Art
Fair value of these asset classes are estimated based on appraisals performed by independent and professionally qualified valuers. These assets are considered to be ‘specialised’ in nature, and accordingly depreciated replacement cost is utilised as the methodology to determine fair value, consistent with previous revaluations. Replacement cost estimates incorporate unobservable inputs, being an estimated amount that one would expect to pay for the same or similar item in a retail setting from a reputable merchant, or the cost to rebuild/replace with an equivalent asset at the date of valuation. Both asset classes were comprehensively revalued at 30 June 2026.

Non-current assets classified as ‘held for sale’

The assets classified as 'held for sale' at 30 June 2026 comprised only Operational Land, based on divestment status at balance date. Valuation techniques for Operational Land are consistent with those described above.

Highest and best use

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

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

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

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

E3-1 Contingencies

ASSETS/LIABILITIES NOT RECOGNISED

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

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

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E3-1 Contingencies (continued)

2. Self insurance – Workers Compensation

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

As a self-insurer, Council is required to lodge a bank guarantee with the State Insurance Regulatory Authority (SIRA). At 30 June 2026, a bank guarantee for $28.6M was held by the SIRA.

All other insurance risks, including workers compensation claims above $600,000 for those received prior to 31 March 2022, above $1,000,000 for those received from 1 April 2022 to 31 March 2026, and above $1,250,000 for those received from 1 April 2026, are covered by external companies. Note that new insurance cover was contracted from 1 April 2026. The higher excess is reflective of recent market changes.

3. Infringement Notices/Fines

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

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

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

4. Proposed Land Transfers between NSW Government Authorities and Council

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

5. Superannuation – Defined Benefits Schemes

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

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

6. Developer Contributions Plans and Planning Agreements

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

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

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

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E3-1 Contingencies (continued)

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

7. Heritage Floor Space - Council Properties

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

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

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

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

8. Alternative Heritage Floor Space Allocation Scheme

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

At balance date, performance bonds were held by Council for three development sites (totalling $12.2M), pending developers' attempts to acquire heritage floor space via market transactions. A partial or full claim on the guarantees may be made at a future date, should the respective developers fail to secure the required HFS. Where the required HFS is secured, the guarantee/s will be returned and no monetary payment by the developer/s will be required. To date, the City has received payment for nineteen developments where HFS was not secured within the requisite timeframe ($79.2M received to date). Amounts received via the Alternative Heritage Floor Space Allocation Scheme are held as restricted cash in the Heritage Conservation Fund (refer Note C1-3). A corresponding liability amount, reflecting unearned revenue, is held until suitable projects are identified to utilise the Heritage Conservation Fund in the delivery of heritage renewal projects within Central Sydney. $18.6M of eligible project expenditure was undertaken in 2025/26 financial year, resulting in a Heritage Conservation Fund balance of $50.1M as at 30 June 2026. A further $9.6M of eligible restoration project expenditure is budgeted in 2026/27, with additional projects identified over the life of Council's Long Term Financial Plan that will utilise the balance of the Heritage Conservation Fund over the next 10 years.

9. Contingent Assets - Pitt Street North Over Station Development - Heritage Floor Space (HCF) Contribution

As at 30 June 2026, Council is engaged in ongoing discussions with the NSW State Government regarding a proposed transfer of developer-contributed funds associated with the Pitt Street North Over Station Development.

The NSW State Government has proposed to transfer approximately $15 million of these contributions to Council for allocation into Council's Heritage Conservation Fund (HCF). However, as at 30 June 2026, negotiations between Council and the State Government remain ongoing. No formal, legally binding inter-governmental agreement has been finalised, and no financial transaction has occurred.

Because the receipt of these funds remains entirely dependent on the execution of a final agreement between the State and Council, a contingent asset is disclosed. Any funds eventually received under this arrangement are expected to be fully expended by Council on eligible heritage conservation works. No asset or revenue has been recognized in the financial statements for the period ending 30 June 2026.

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F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

$ '000	*2026*	*2025*
Compensation:		
Short-term benefits	**3,568**	3,450
Post-employment benefits	**419**	452
Total	**3,987**	3,902

Other transactions with KMP and their related parties

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

During the 2025/26 financial year, Council made three payments to an entity related to a Key Management Personnel (KMP). The KMP holds a directorship. These payments pertained to three grants totalling $10,824. As each of these payments meets the policy materiality threshold, disclosure is made in accordance with Council's related party disclosure policy and materiality assessment framework. The grants were provided under the same terms and conditions available to the general public and in accordance with Council's policies and procedures.

F1-2 Councillor and Mayoral fees and associated expenses

$ '000	*2026*	*2025*
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Councillor expenses – Mayoral fee	**255**	246
Councillors' fees	**464**	430
Other Councillors' expenses (including Mayor)	**204**	206
Total	**923**	882

F2 Other relationships

F2-1 Audit fees

$ '000	*2026*	*2025*
Auditors of the Council - NSW Auditor-General:		
Audit and review of financial statements	**321**	312
Remuneration for audit and other assurance services	**321**	312
Total fees paid or payable to the NSW Auditor-General	**321**	312

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G Other matters

G1-1 Statement of Cash Flows information

(a) Reconciliation of net operating result to cash provided from operating activities

$ '000	*2026*	*2025*
Net operating result from Income Statement	**137,242**	133,462
Add / (less) non-cash items:		
Depreciation and amortisation	**129,366**	130,214
(Gain) / loss on disposal of assets	**6,126**	6,568
Non-cash capital grants and contributions	**(22,005)**	(36,340)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investment property	**(12,230)**	(26,418)
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	**1,975**	(18,403)
Increase / (decrease) in provision for impairment of receivables	**208**	172
(Increase) / decrease of inventories	**1**	–
(Increase) / decrease of other current assets	**383**	(470)
(Increase) / decrease of contract asset	**(2,701)**	(819)
Increase / (decrease) in payables	**4,012**	(9,014)
Increase / (decrease) in other accrued expenses payable	**2,583**	(737)
Increase / (decrease) in other liabilities	**(71,103)**	82,512
Increase / (decrease) in contract liabilities	**(17,656)**	(3,228)
Increase / (decrease) in employee benefit provision	**3,407**	5,587
Increase / (decrease) in other provisions	**(47)**	(1,453)
Net cash flows from operating activities	**159,561**	261,633

(b) Non-cash investing and financing activities

Developer contributions 'in kind'	**8,092**	30,263
Other dedications and non-cash contributions	**13,918**	6,077
Total non-cash investing and financing activities	**22,010**	36,340

G2-1 Commitments

Capital commitments (exclusive of GST)

$ '000	*2026*	*2025*
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	**36,541**	65,697
Infrastructure – Roads, Bridges, Footways, Kerb and Gutter	**87,085**	87,108
Open Space	**19,706**	36,387
Plant and equipment	**11,473**	2,611
Public Art	**847**	815
Stormwater Drainage	**5,422**	8,420

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G2-1 Commitments (continued)

$ '000	2026	2025
Other	**7,996**	7,526
Total commitments	**169,070**	208,564

G3-1 Events occurring after the reporting date

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

G4 Changes from prior year statements

G4-1 Changes in accounting policy

Council needs to enter custom non applicable text here : Changes in accounting policy.

G4-2 Correction of errors

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

G4-3 Changes in accounting estimates

Council made no changes in accounting estimates during the year.

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G5 Statement of developer contributions

G5-1 Summary of developer contributions

$ '000	at 1/07/2025 Opening Balance[7]	Contributions Received Cash	Non-cash Land	Non-cash Other	Interest earned in year	Expenditure/ asset received during year	Internal Borrowing to/(from)	as at 30/06/2026 Held as restricted asset[6]	Cumulative internal borrowings (owed)/repayable
Community facilities	32	2,164	-	-	-	(32)	(2,164)	0	13,083
Open space	12,151	10,055	-	3,327	-	(12,961)	2,685	15,257	(29,796)
Stormwater drainage	12,745	521	-	-	-	(2)	(521)	12,743	20,636
Traffic and transport	913	1,525	-	-	-	(1,682)	-	756	(3,924)
Total section 7.11 revenue under plans[1]	**25,842**	**14,265**	**-**	**3,327**	**-**	**(14,678)**	**-**	**28,756**	**-**
Section 7.4 planning agreements - public benefits[2]	64,478	2,501	-	4,765	1,430	(5,881)	-	67,293	
Clause 7.13 affordable housing[3]	76,157	33,754	-	-	-	(101,956)	-	7,956	
Section 7.12 contributions[4]	-	49,755	-	-	-	(49,755)	-	-	
Section 61 contributions[5]	-	11,756	-	-	-	(11,756)	-	-	
Total contributions	166,477	112,031	-	8,092	1,430	(184,025)	-	104,005	-
Comprising:									
Cash contribution movement	**108,798**	**113,707**			**1,430**	**(181,406)**	**-**	**42,529**	**-**
Section 7.11	-	14,572			-	(14,572)	-	-	-
Section 7.4 - public benefits	32,641	3,870			1,430	(3,367)	-	34,574	
Clause 7.13 - affordable housing	76,157	33,754			-	(101,956)	-	7,956	
Section 7.12	-	49,755			-	(49,755)	-	-	
Section 61	-	11,756			-	(11,756)	-	-	
Contribution receivable movement	**57,680**	**(1,676)**	**-**	**8,092**		**(2,620)**	**-**	**61,476**	
Section 7.11	25,842	*(307)*	-	*3,327*		(105)	-	28,756	
Section 7.4 - public benefits	31,838	(1,369)	-	4,765		(2,514)	-	32,720	
Total contributions	166,477	112,031	-	8,092	1,430	(184,025)	-	104,005	-

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G5–1 Summary of developer contributions (continued)

Footnotes to the schedule

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

[2] Section 7.4 of the *Environmental Planning and Assessment Act 1979.*

[3] Clause 7.13 of the Sydney Local Environmental Plan 2012. Affordable housing contributions are recognised as a payable until remitted to community housing providers and restricted until remitted to community housing providers in accordance with the City of Sydney Affordable Housing Contributions Distribution Plan.

[4] Section 7.12 of the *Environmental Planning and Assessment Act 1979.* City of Sydney operates one section 7.12 plan (*Central Sydney Development Contributions Plan 2020*).

[5] Section 61 of the *City of Sydney Act 1988* . Residual contributions are received for the *Central Sydney Development Contributions Plan 2013* - this plan was superseded by the section 7.12 plan.

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

G5–2 Voluntary Planning Agreements - public benefits

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

Summary of VPA public benefit monetary contribution expenditure

$ '000	*2026*	*2025*
Monetary contributions expended during year – by purpose:		
City North public domain masterplan (including public domain in Bridge/Loftus St vicinity)	**1,050**	13,000
Sydney University to Redfern Station public domain improvements	**500**	2,000
Community infrastructure	**200**	1,291
New roads, stormwater drainage and facilities in the Green Square Town Centre and Urban Renewal area	**-**	650
Business innovation space (George St) - fitout works and operating costs	**-**	100
City North - Macquarie Place Park - CMP Works implementation	**650**	-
Harbour Walk Public Art Program	**500**	-
Upgrade of Intersection - Epsom and Link Roads Zetland	**400**	-
Ashmore Precinct Post VPA Public Domain Integration Works	**67**	-
Total expenditure - VPA monetary contributions	**3,367**	**17,041**

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G5–2 Voluntary Planning Agreements - public benefits (continued)

Summary of Unspent VPA monetary contributions

$ '000	*2026*	*2025*
Unspent Monetary Contributions (held as restricted cash) – by purpose (as described in the VPA):		
Business innovation space (George St) - fitout works and operating costs	**8,576**	8,203
Upgrade of Intersection - Epsom and Link Roads Zetland	**7,799**	**7,859**
Chippendale community facility(s)	**4,651**	4,449
CBD Laneways (Dalley & Underwood) and surrounding public domain	**3,795**	3,630
City North public domain masterplan (including public domain in Bridge/Loftus St vicinity)	**582**	1,606
Macquarie Place upgrade	**1,458**	1,545
New roads infrastructure in the Ashmore precinct, Erskineville	**1,347**	1,355
Harbour Walk public art program	**871**	1,333
New roads, stormwater drainage and facilities in the Green Square Town Centre and Urban Renewal area	**4,251**	1,115
Sydney University to Redfern Station public domain improvements	**508**	986
Stormwater works - Rushcutters Bay catchment	**586**	560
Community infrastructure	**149**	(0)
Total - Unspent VPA monetary contributions	**34,574**	**32,641**

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End of the audited financial statements

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Independent Auditor’s Reports:

Independent Auditor's Report

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

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Council of the City of Sydney

Statement of performance measures

Statement of performance measures – consolidated results

$ '000	Amounts 2026	Indicator 2026	Indicators 2025	Indicators 2024	Benchmark
1. Operating performance ratio					
Total continuing operating revenue excluding capital grants and contributions less operating expenses [1, 2]	7,868	0.99%	0.34%	0.45%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions [1]	794,518				
1a. Operating performance ratio (excluding non-recurrent income and expense items)					
Total continuing operating revenue excluding capital grants and contributions less operating expenses [1, 2]	10,485	1.32%	2.01%	2.27%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions [1]	794,521				
2. Own source operating revenue ratio					
Total continuing operating revenue excluding all grants and contributions [1]	773,443	83.84%	85.62%	84.47%	> 60.00%
Total continuing operating revenue [1]	922,542				
3. Unrestricted current ratio					
Current assets less all external restrictions [3]	750,729	4.13x	4.15x	4.99x	> 1.50x
Current liabilities less specific purpose liabilities [4]	181,908				
3a. Unrestricted current ratio (less internal and external restrictions)					
Current assets less all external and internal restrictions	566,916	3.49x	2.49x	4.77x	> 1.50x
Current liabilities less specific purpose liabilities [4, 5]	162,652				
4. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	501,369	8.34 months	9.98 months	10.93 months	> 3.00 months
Monthly payments from cash flow of operating and financing activities	60,093				

Supplementary ratios for Operating Performance (adjusted for non-recurrent income and expense items) and Current Ratio (adjusted for external restrictions and internal allocations) are included at Note H1-1 and Note H1-2.

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

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

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

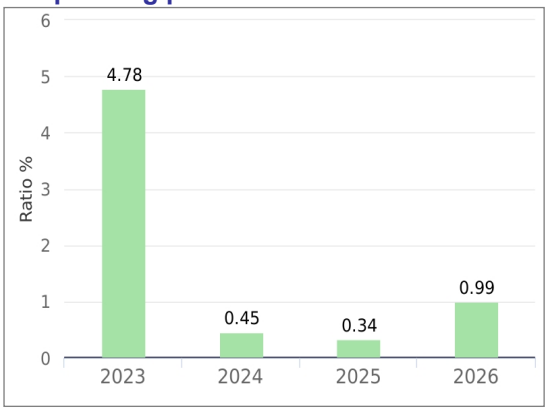
(4) Refer to Notes C2-1 and C3-1 to C3-5.

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Council of the City of Sydney

Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

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

Commentary on 2025/26 result

2025/26 ratio 0.99%

The ratio remained above the benchmark and improved compared with 2024/25. The improvement primarily reflects the timing of Financial Assistance Grant receipts, with 130% of the annual grant entitlement recognised in 2025/26, comprising 50% relating to 2025/26 and an 80% advance payment relating to 2026/27. Excluding the advance payment, the ratio would have been below the 2024/25 result.

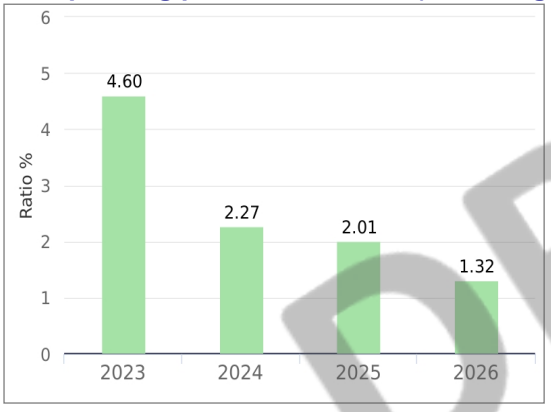
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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



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

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

Commentary on 2025/26 result

2025/26 ratio 1.32%

The ratio remained above the benchmark but decreased compared with 2024/25. The reduction primarily reflects higher operating expenses and a lower level of non-recurring capital project costs excluded from the calculation, partly offset by growth in operating revenue, primarily due to the early receipt of Financial Assistance Grants.

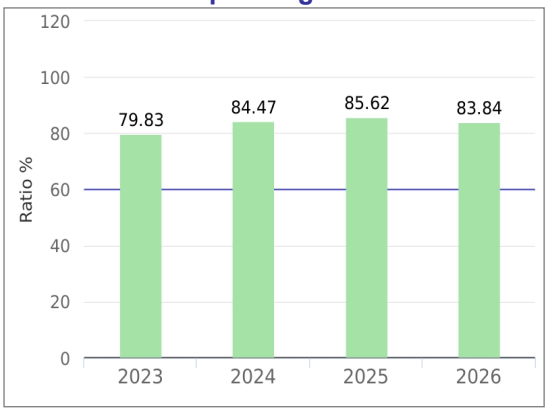
Benchmark: — > 0.00%

Source of benchmark:

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

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

Commentary on 2025/26 result

2025/26 ratio 83.84%

Results reflect a continued high level of own source revenue and performance well above the benchmark. While the ratio remained strong, it decreased slightly compared with 2024/25 due to an increase in grant and contribution revenue as a proportion of total continuing operating revenue. Council continues to maintain a high degree of financial flexibility through its significant own source revenue base.

Benchmark: — > 60.00%

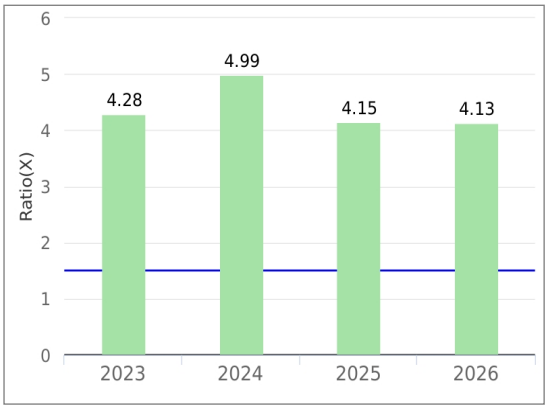
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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3. Unrestricted current ratio



Purpose of unrestricted current ratio

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

Commentary on 2025/26 result

2025/26 ratio 4.13x

Council significantly exceeds the ratio benchmark, indicating that short-term financial obligations can be comfortably met from unrestricted current assets. The ratio improved slightly from 2024/25, primarily due to an increase in unrestricted current assets following a reduction in externally restricted cash. Adjusted current liabilities remained broadly unchanged. Council continues to maintain a strong liquidity position.

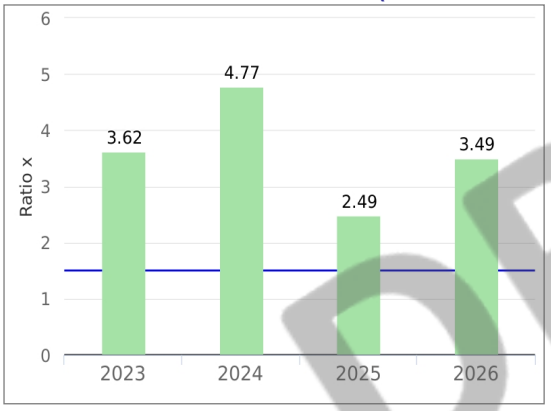
Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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



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

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

Commentary on 2025/26 result

2025/26 ratio 3.49x

The ratio remained above the benchmark and improved compared with 2024/25, primarily due to a reduction in current liabilities following the distribution of affordable housing contributions to community housing providers. Adjusted unrestricted current assets remained broadly in line with the prior year.

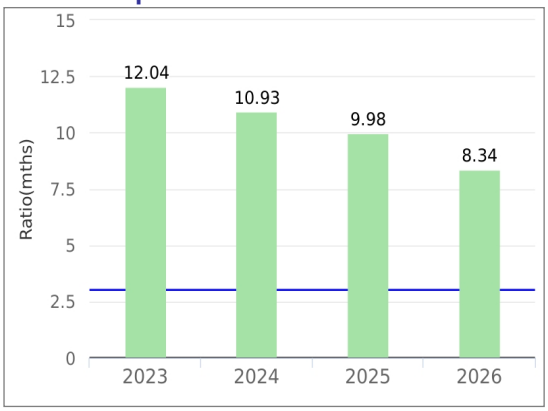
Benchmark: — > 1.50x

Source of benchmark:

Ratio achieves benchmark

Ratio is outside benchmark

4. Cash expense cover ratio



Purpose of cash expense cover ratio

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

Commentary on 2025/26 result

2025/26 ratio 8.34 months

The ratio remains well above the benchmark. The decrease from 9.98 months in 2024/25 to 8.34 months in 2025/26 primarily reflects lower term deposit balances, together with a modest increase in operating and financing cash outflows. Despite the decrease, Council maintains a strong liquidity position and remains comfortably above the benchmark requirement.

Benchmark: — > 3.00months

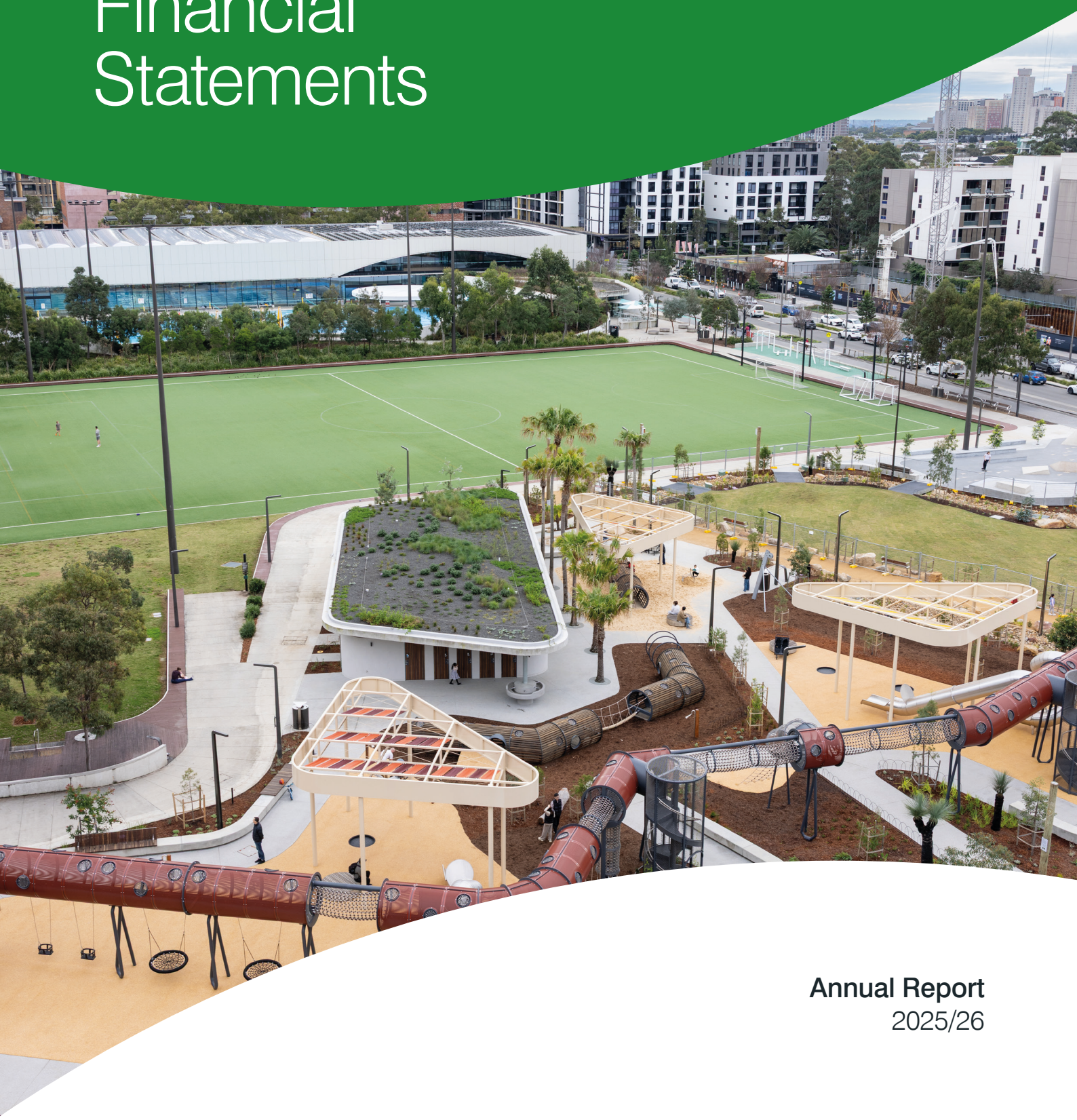
Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

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Special Purpose Financial Statements



Annual Report
2025/26

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

CITY OF SYDNEY

Council of the City of Sydney

Special Purpose Financial Statements

for the year ended 30 June 2026

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Special Purpose Financial Statements:

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Statement of Financial Position of Parking Stations 5

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Background

i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.

ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

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

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

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

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

Council of the City of Sydney

Special Purpose Financial Statements

for the year ended 30 June 2026

Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

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

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

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

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

Signed in accordance with a resolution of Council made on 26 October 2026.

DRAFT

Clover Moore
Lord Mayor
26 October 2026

Robert Kok
Councillor
26 October 2026

Monica Barone
Chief Executive Officer
26 October 2026

Jean-Michel Carriere
Responsible Accounting Officer
26 October 2026

Council of the City of Sydney

Income Statement of Parking Stations

for the year ended 30 June 2026

$ '000	2026 Category 1	2025 Category 1
Income from continuing operations		
User charges	**11,186**	10,946
Other income	**18**	17
Total income from continuing operations	**11,204**	10,963
Expenses from continuing operations		
Employee benefits and on-costs	**180**	153
Materials and services	**2,096**	2,090
Calculated taxation equivalents	**141**	134
Other expenses	**2,197**	2,136
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	**4,614**	4,513
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets before capital amounts	**6,590**	6,450
Depreciation, amortisation and impairment of non-financial assets	**559**	1,170
Surplus (deficit) from continuing operations before capital amounts	**6,031**	5,280
Surplus (deficit) from continuing operations after capital amounts	**6,031**	5,280
Surplus (deficit) from all operations before tax	**6,031**	5,280
Less: corporate taxation equivalent (25%) [based on result before capital]	**(1,508)**	(1,320)
Surplus (deficit) after tax	**4,523**	3,960
Plus accumulated surplus	**117,138**	111,724
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	**141**	134
– Corporate taxation equivalent	**1,508**	1,320
Closing accumulated surplus	**123,310**	117,138
Return on capital % [1]	**4.5%**	4.1%

(1) The FY2025 comparative has been restated from 8.2% to 4.1% to correct an input error whereby the 4.1% Return on Capital was inadvertently counted twice.

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Council of the City of Sydney

Statement of Financial Position of Parking Stations

as at 30 June 2026

$ '000	2026 Category 1	2025 Category 1
ASSETS		
Current assets		
Receivables	**145**	141
Other	**–**	403
Total current assets	**145**	544
Non-current assets		
Infrastructure, property, plant and equipment	**133,338**	128,289
Inter-Entity Debtor	**118,385**	111,234
Total non-current assets	**251,723**	239,523
Total assets	**251,868**	240,067
LIABILITIES		
Current liabilities		
Payables	**779**	760
Employee benefit provisions	**55**	53
Provision other	**–**	–
Total current liabilities	**834**	813
Non-current liabilities		
Employee benefit provisions	**16**	15
Total non-current liabilities	**16**	15
Total liabilities	**850**	828
Net assets	**251,018**	239,239
EQUITY		
Accumulated surplus	**123,309**	117,137
Revaluation reserves	**127,709**	122,102
Total equity	**251,018**	239,239

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Council of the City of Sydney

Material accounting policy information

for the year ended 30 June 2026

Note – Material accounting policy information

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

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

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

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993* (Act), the *Local Government (General) Regulation 2021* (Regulation) and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

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

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

Declared business activities

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

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

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

Taxation equivalent charges

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

Notional rate applied (%)
Corporate income tax rate – **25%** (LY 25%)
Land tax – the first $1,075,000 of combined land values attracts **0%**. For the combined land values in excess of $1,075,000 up to $6,571,000 the rate is **$100 + 1.6%**. For the remaining combined land value that exceeds $6,571,000 a premium marginal rate of **$88,036 + 2.0% of the land value above $6,571,000** applies.
Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of $1,200,000.

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Note – Material accounting policy information (continued)

Income tax

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

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

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

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) Subsidies

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

(ii) Return on investments (rate of return)

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

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

The rate of return is calculated as follows:

$$\frac{\text{Operating result before capital income + interest expense}}{\text{Written down value of IPPE as at 30 June 2026}}$$

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.74% at 30/6/26.

(iii) Dividends

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

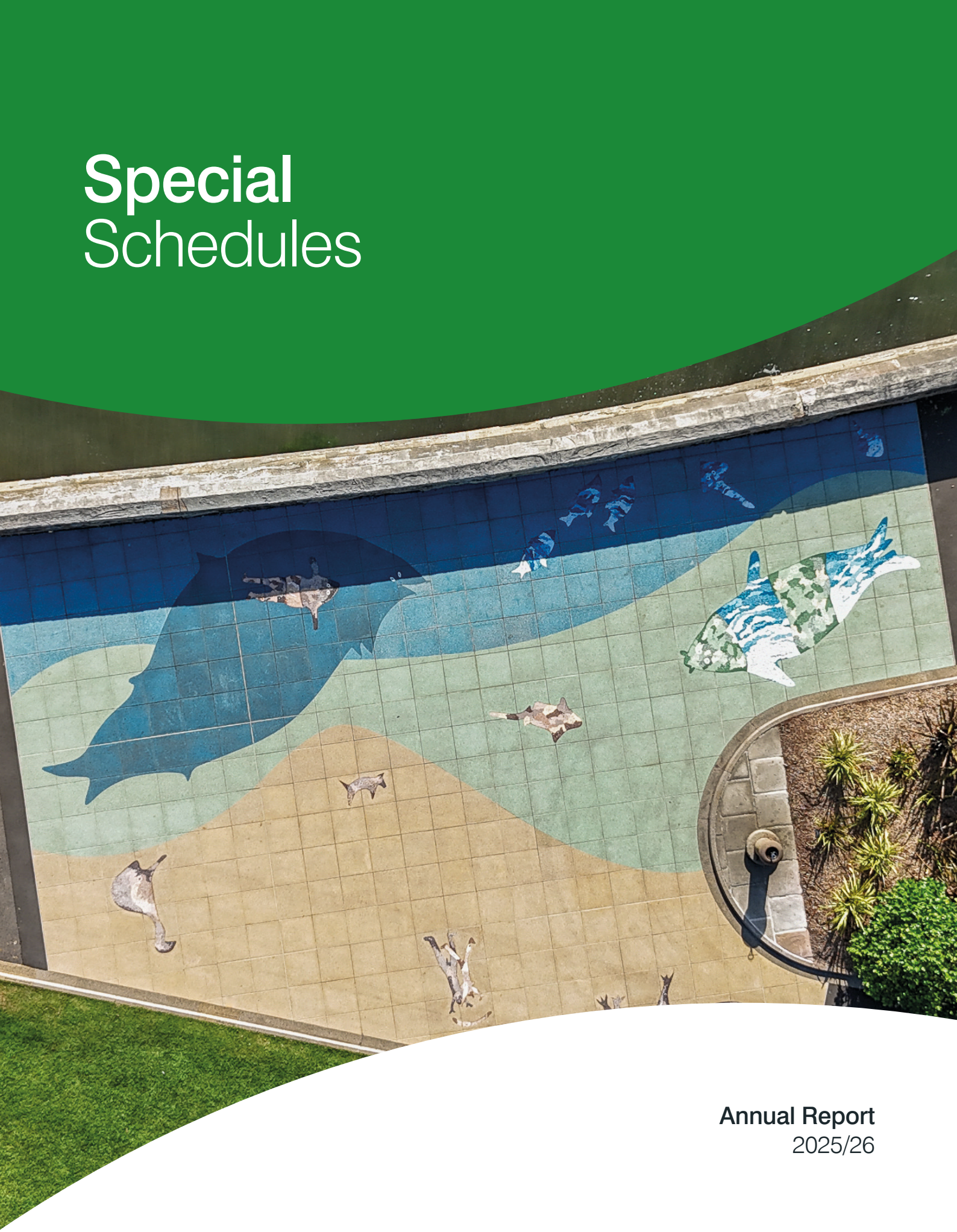
END OF AUDITED FINANCIAL STATEMENTS

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Please upift Council's Audit Report PDF (opinion) for inclusion in the SPFS report (via the Home screen).

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Special Schedules



Annual Report
2025/26

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

CITY OF SYDNEY

Council of the City of Sydney

Special Schedules

for the year ended 30 June 2026

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Special Schedules:

Permissible income for general rates 3

Report on infrastructure assets as at 30 June 2026 4

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Council of the City of Sydney

Permissible income for general rates

$ '000	Notes	*Calculation 2025/26*	***Calculation 2026/27***
Notional general income calculation [1]			
Last year notional general income yield	a	357,082	**377,015**
Plus or minus adjustments [2]	b	4,997	**537**
Notional general income	c = a + b	**362,079**	**377,552**
Permissible income calculation			
Percentage increase	d	4.10%	**5.60%**
Plus percentage increase amount [3]	e = d x c	14,845	**21,143**
Sub-total	f = (c + e)	**376,924**	**398,695**
Total permissible income	i= (f + h)	376,924	**398,695**
Less notional general income yield	j	377,015	**398,683**
Plus one-off catch-up of previous years' shortfall	k	91	**–**
Catch-up or (excess) result	l = (i - j + k)	–	**12**
Carry forward to next year [4]		–	**12**

The Council has the accumulated balance of $354,960 from the previous year shortfall in the general income. This can be used as a one-off catch-up in the future years under section 511 of the Local Government Act 1993.

Notes

(1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.

(2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.

(3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).

(4) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

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Report on infrastructure assets as at 30 June 2026

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard [a]	Estimated cost to bring to the agreed level of service set by Council [b]	2025/26 Required maintenance [c]	2025/26 Actual maintenance [c]	Net carrying amount [d]	Gross replacement cost (GRC)	Asset condition as a percentage of gross replacement cost				
		$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	1	2	3	4	5
Buildings	Buildings – non-specialised	32,584	31,295	53,287	47,347	1,928,978	2,745,881	4.7%	18.0%	65.0%	10.8%	1.5%
	Buildings – specialised	5,843	5,787	3,386	3,496	62,649	92,344	10.7%	32.5%	26.1%	30.7%	0.0%
	Sub-total	**38,427**	**37,082**	**56,673**	**50,843**	**1,991,627**	**2,838,225**	**4.8%**	**18.5%**	**63.8%**	**11.4%**	**1.5%**
Roads	Sealed roads – surface	8,957	5,613	5,309	6,323	188,359	331,575	11.8%	32.8%	50.8%	4.1%	0.5%
	Sealed roads – structure	7,426	7,426	2,339	2,785	679,610	789,466	39.8%	42.4%	14.7%	2.1%	0.9%
	Bridges	1,246	1,398	2,122	2,526	76,860	111,497	34.0%	41.3%	20.8%	3.9%	0.0%
	Footpaths	22,045	9,654	8,245	9,818	521,528	890,160	20.7%	36.9%	38.9%	3.3%	0.2%
	Kerb and gutter	13,564	11,765	655	780	217,832	493,803	7.5%	40.9%	41.8%	9.3%	0.5%
	Other road infrastructure assets [e]	2,701	2,600	986	1,174	77,930	140,829	11.2%	36.6%	44.0%	4.7%	3.5%
	Sub-total	**55,939**	**38,456**	**19,656**	**23,406**	**1,762,120**	**2,757,330**	**22.8%**	**38.9%**	**33.5%**	**4.2%**	**0.6%**
Stormwater drainage	Stormwater drainage	5,487	8,126	3,356	1,701	411,721	602,712	23.8%	64.6%	8.0%	2.2%	1.4%
	Sub-total	**5,487**	**8,126**	**3,356**	**1,701**	**411,721**	**602,712**	**23.8%**	**64.6%**	**8.0%**	**2.2%**	**1.4%**
Open space / recreational assets	Open Space Assets [f]	23,078	47,686	24,966	33,992	424,445	1,042,943	6.1%	18.1%	66.5%	8.1%	1.2%
	Sub-total	**23,078**	**47,686**	**24,966**	**33,992**	**424,445**	**1,042,943**	**6.1%**	**18.1%**	**66.5%**	**8.1%**	**1.2%**
	Total – all assets	**122,931**	**131,350**	**104,651**	**109,942**	**4,589,913**	**7,241,210**	**13.4%**	**30.0%**	**48.0%**	**7.4%**	**1.2%**

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Notes:

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

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

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

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

e 'Other' infastructure includes street furniture and street fixtures (e.g. traffic islands).

f As part of the 2025/26 comprehensive revaluation, condition ratings for Open Space assets were reviewed and realigned to better reflect the assets' observed operational condition and associated gross replacement values.

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Infrastructure asset condition assessment 'key'

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

Council of the City of Sydney

Report on infrastructure assets as at 30 June 2026

Infrastructure asset performance indicators (consolidated) *

$ '000	Amounts 2026	Indicator 2026	Indicators 2025	Indicators 2024	Benchmark
1. Buildings and infrastructure renewals ratio					
Asset renewals [1]	125,775	131.37%	97.74%	84.20%	> 100.00%
Depreciation, amortisation and impairment	95,739				
1a. Buildings and infrastructure renewals ratio (alternate) [1]					
Asset renewals	125,775	135.97%	116.38%	103.97%	> 100.00%
Required asset renewal (per adopted asset management strategy)	92,500				
2. Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard	122,931	2.50%	2.36%	2.03%	< 2.00%
Net carrying amount of infrastructure assets	4,923,959				
3. Asset maintenance ratio					
Actual asset maintenance	109,942	105.06%	109.61%	100.66%	> 100.00%
Required asset maintenance	104,651				
4. Cost to bring assets to agreed service level [2]					
Estimated cost to bring assets to an agreed service level set by Council	131,350	1.81%	2.27%	1.77%	
Gross replacement cost	7,241,210				

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

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

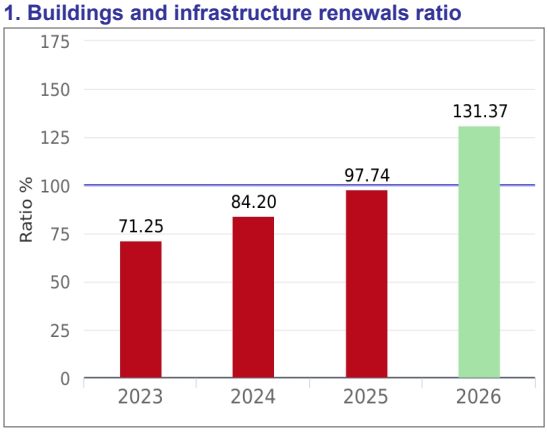
(2) Update had been made to the estimated cost to align with the code, representing asset renewal cost of assets that have reached condition-based intervention point set in asset management plans.

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Council of the City of Sydney

Report on infrastructure assets as at 30 June 2026

1. Buildings and infrastructure renewals ratio



Purpose of buildings and infrastructure renewals ratio

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

Commentary on 2025/26 result

2025/26 ratio 131.37%

Ratio performance continued an improving trend in 2025/26, with increased in asset renewal activities compared to prior years and decreasing depreciation as a result of building comprehensive revaluation in 2024/25.

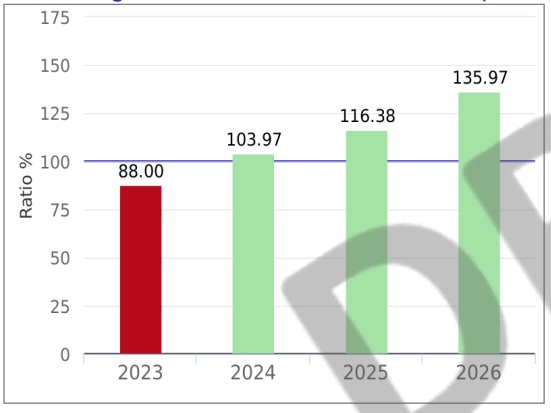
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

1a. Buildings and infrastructure renewals ratio (alternate)



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

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

Commentary on 2025/26 result

2025/26 ratio 135.97%

Projections included in the Asset Management Plan (Part of the Resourcing Strategy). On this enhanced indicator, Council's renewal expenditure exceeded the annual 'required' level for 2025/26. Performance trends for the alternative ratio reflect ratio above 1, as a result of improved capital works delivery over time.

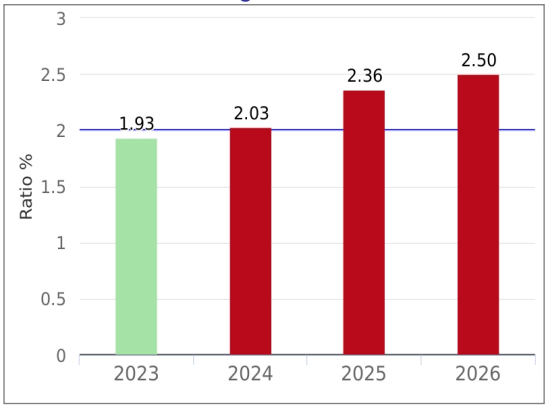
Benchmark: — > 100.00%

Source of benchmark:

Ratio achieves benchmark

Ratio is outside benchmark

2. Infrastructure backlog ratio



Purpose of infrastructure backlog ratio

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

Commentary on 2025/26 result

2025/26 ratio 2.50%

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

Benchmark: — < 2.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

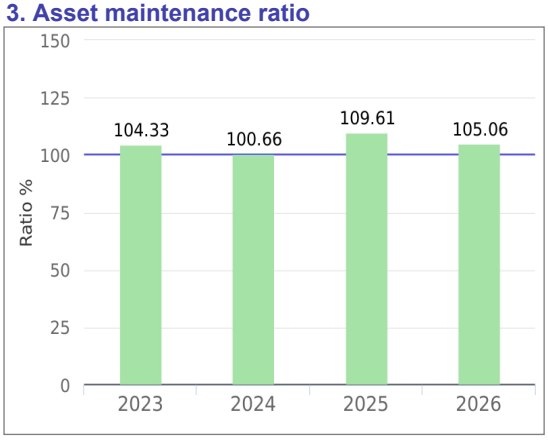
Ratio achieves benchmark

Ratio is outside benchmark

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3. Asset maintenance ratio



Purpose of asset maintenance ratio

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

Commentary on 2025/26 result

2025/26 ratio 105.06%

Council's performance ratio result is slightly ahead of benchmark. This is a result of increased maintenance activities to clear infrastructure backlog.

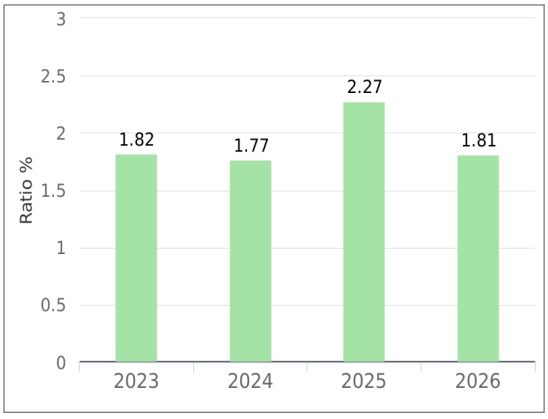
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

4. Cost to bring assets to agreed service level



Purpose of cost to bring assets to agreed service level

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

Commentary on 2025/26 result

2025/26 ratio 1.81%

Performance ratio continue to improve as a result of increasing asset renewal works which addressed outstanding renewal works required to meet council's agreed level of service.

Attachment B

Draft independent auditors report and report on the conduct of the audit

INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial statements

Council of the City of Sydney

To the Councillors of Council of the City of Sydney

Opinion

I have audited the accompanying financial statements of Council of the City of Sydney (the council), which comprise the Statement by Councillors and Management, the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2026, the Statement of Financial Position as at 30 June 2026, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In my opinion:

- the council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been prepared, in all material respects, in accordance with the requirements of the Division
  - are, in all material respects, consistent with the council's accounting records
  - present fairly, in all material respects, the financial position of the council as at 30 June 2026, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
  - all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's responsibilities for the audit of the financial statements' section of my report.

I am independent of the council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (APES 110).

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Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other information

The council's annual report for the year ended 30 June 2026 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements, special schedules (the schedules) and Additional Council disclosures.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule - Permissible income for general rates.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The councillors' responsibilities for the financial statements

The councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibilities for the audit of the financial statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

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The scope of my audit does not include, nor provide assurance:

- that the council carried out its activities effectively, efficiently and economically
- on the original budget information included in the Income Statement, Statement of Cash Flows, and Note B5-1 'Material budget variations'
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Karen Taylor
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

<Date>
SYDNEY

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Lord Mayor
Council of the City of Sydney
Town Hall House
Level 2, 456 Kent Street
SYDNEY NSW 2000

Contact: Karen Taylor
Phone no: 9275 7311
Our ref: R008-266507568-12804

27 October 2026

Dear Mayor

Report on the Conduct of the Audit

for the year ended 30 June 2026

Council of the City of Sydney

I have audited the general purpose financial statements (GPFS) of the Council of the City of Sydney (the Council) for the year ended 30 June 2026 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's GPFS.

My audit procedures did not identify any instances of material non-compliance with the financial reporting requirements in Chapter 13, Part 3, Division 2 of the LG Act and the associated regulation or a material deficiency in the Council's accounting records or financial statements. The Council's:

- accounting records were maintained in a manner and form to allow the GPFS to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.

Basis of this report

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2026 is issued in accordance with section 417 of the Act. The Report:

- must address the specific matters outlined in the Local Government Code of Accounting Practice and Financial Reporting 2025-26
- may include statements, comments and recommendations that I consider to be appropriate based on the conduct of the audit of the GPFS.

This Report should be read in conjunction with my audit opinion on the GPFS issued under section 417(2) of the Act.

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Income statement

Financial performance

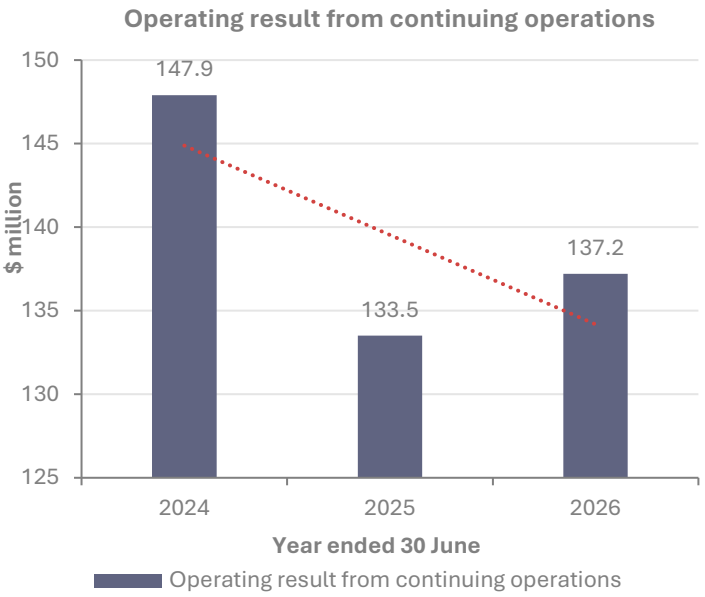
	2026 $m	2025 $m	Variance %
Rates and annual charges revenue	441.6	421.0	▲ 4.9
Grants and contributions provided for operating purposes revenue	21.1	15.7	▲ 34.4
Grants and contributions provided for capital purposes revenue	128.0	111.3	▲ 15.0
Operating result from continuing operations	137.2	133.5	▲ 2.8
Net operating result for the year before grants and contributions provided for capital purposes	9.2	22.1	▼ 58.4

Operating result from continuing operations

This graph shows the operating result from continuing operations for the current and prior two financial years.

Operating result from continuing operations for the year was $3.7 million higher than the 2024–25 result as:

- grants and contributions revenue increased $22.1 million, due to advance payment of financial assistance grant and increase in cash contributions, offset by a decrease in non-cash contributions
- rate and annual charges increased by $20.6 million, mainly due to rate peg of 4.1%
- other income decreased by $14.0 million, due to lower fair value increment on investment properties
- employee expenses increased by $12.4 million
- other expenses increased by $5.9 million.



DRAFT

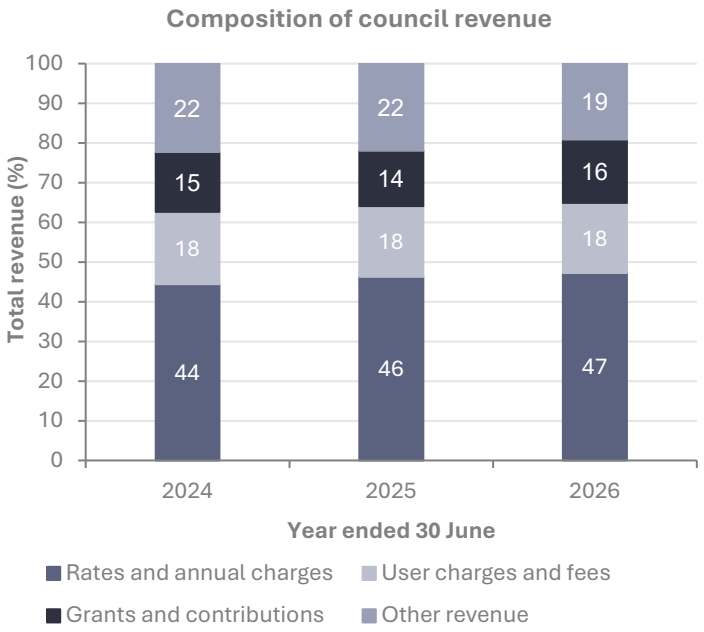
Income

Council revenue

This graph shows the composition of revenue recognised for the current and prior two financial years.

Revenue ($934.8 million) increased by $25.0 million (2.8 %) in 2025–26 due to:

- rates and annual charges revenue ($441.6 million) increased by $20.6 million
- user charges and fees revenue ($165.4 million) which increased by $3.0 million
- grants and contributions revenue ($149.0 million) which increased by $22.1 million
- offset by a $14.0 million decrease in other income and a $6.6 million decrease in interest and investment income.



Cash flows

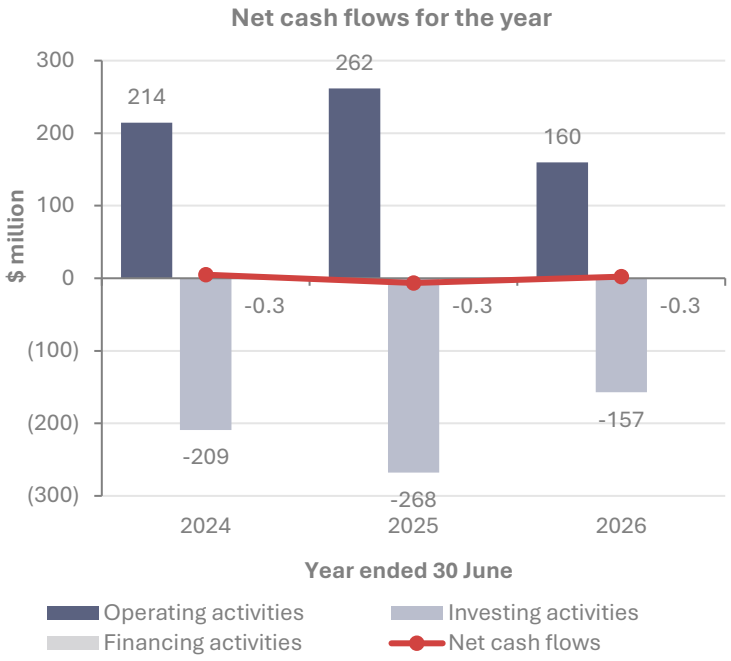
Statement of Cash Flows

The Statement of Cash Flows details the Council's cash inflows and outflows. It helps in assessing the Council's ability to generate cash to fund its operations, pay off debts, and support future projects. It also aids in identifying any pressures or issues in the Council operating in a financially sustainable manner.

This graph shows the net cash flows for the current and prior two financial years.

The net cash flows for 2025-26 were positive $2.1 million. In 2025-26 the net cashflows:

- from operating activities decreased by $102.1 million, mainly due to a $98.1 million decrease in receipts from grants and contributions
- used in investing activities decreased by $110.7 million, mainly due to lower purchases of investments.



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Financial position

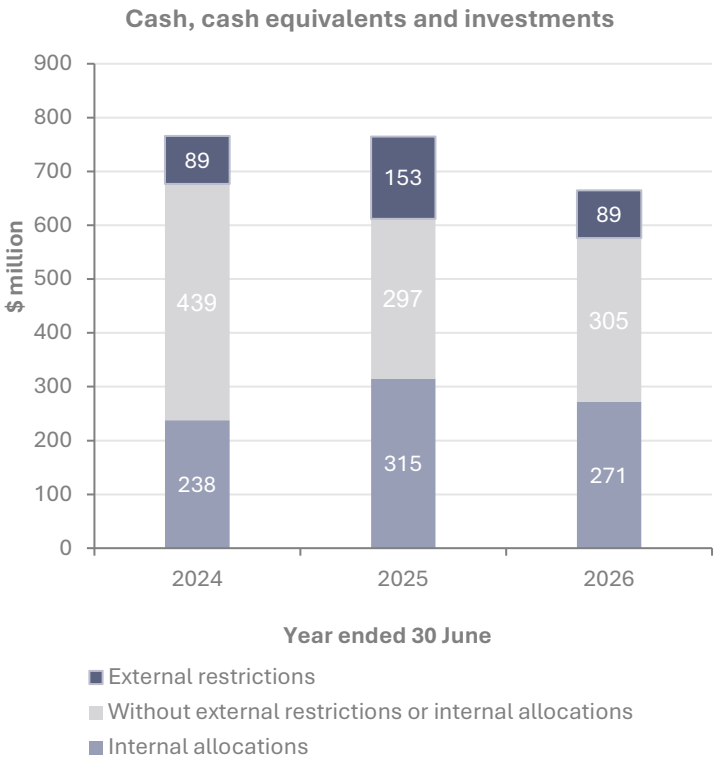
Cash, cash equivalents and investments

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

Cash, cash equivalents, and investments without external restrictions can be allocated internally by the elected Council's resolution or policy. These allocations are matters of Council policy and can be changed or removed by a Council resolution.

This graph shows the amount of cash, cash equivalents and investments with external restrictions, internal allocations, and those with neither as at 30 June 2026 and prior two financial years.

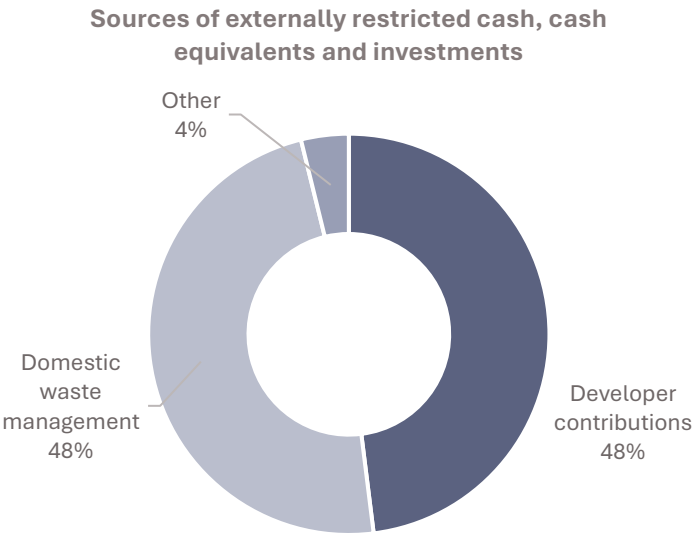
Externally restricted balances decreased due to a $66.3 million due to remitting $76.2 million in affordable housing contributions to community housing providers. Internal allocations decreased by $43.9 million mainly due to $27.9 million spending from the Green Square reserve and $18.6 million spending from the Heritage conservation fund.



This graph shows the sources of externally restricted cash, cash equivalents and investments.

In 2025-26 the Council's main sources of externally restricted cash, cash equivalents and investments include:

- developer contributions of $42.5 million which decreased by $66.3 million (see above for reason).
- domestic waste management charges of $42.6 million which was consistent with the prior year

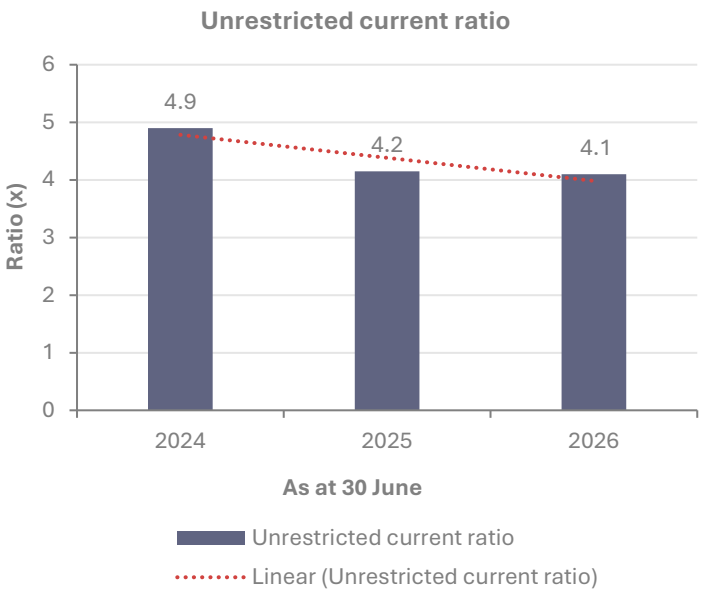


Council liquidity

This graph shows the unrestricted current ratio for the current and prior two financial years.

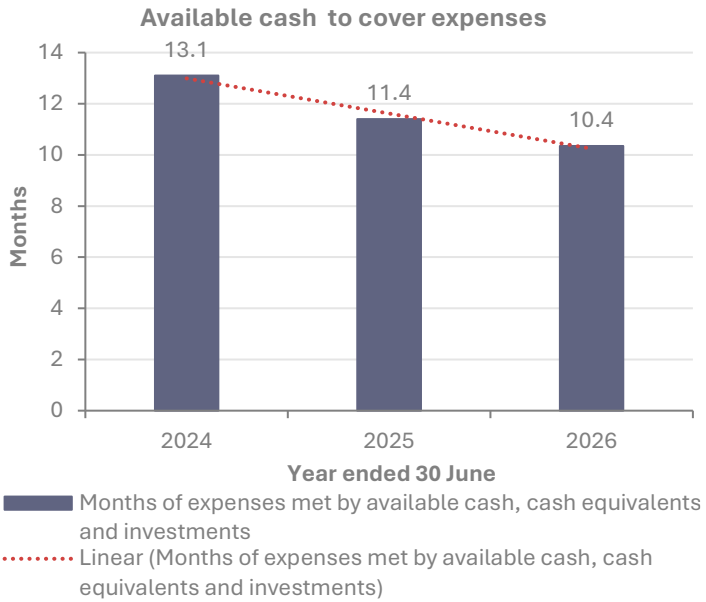
The unrestricted current ratio is specific to local government and represents council's ability to meet its short-term obligations as they fall due. It measures the ratio of unrestricted current assets to current liabilities less specific purpose liabilities.

In 2024-25, the average unrestricted current ratio was an average of 3.7x for metropolitan councils.



This graph shows the number of months of expenses (excluding depreciation and borrowing costs) council can fund from its available cash, cash equivalents and investments (not subject to external restrictions).

At 30 June 2026, Council has available cash to cover 10.4 months of expenses.

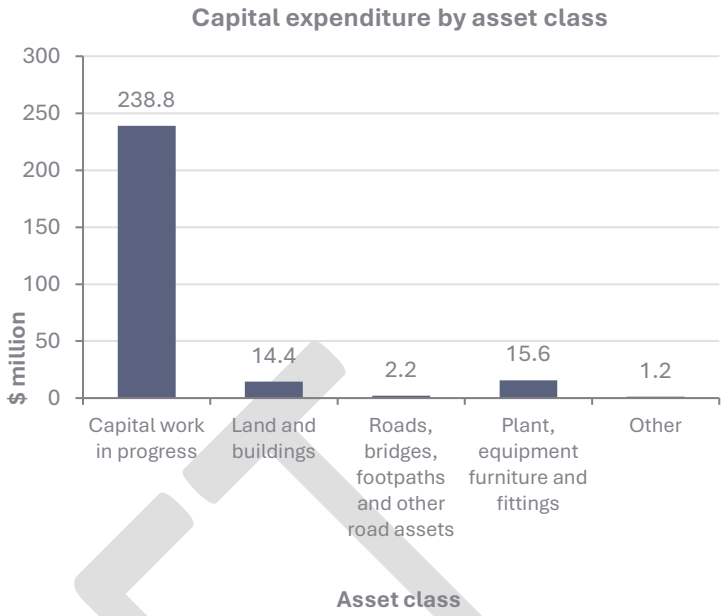


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Infrastructure, property, plant and equipment

This graph shows how much the Council spent on renewing and purchasing assets in 2025-26.

Council renewed $148.3 million of infrastructure, property, plant and equipment during the 2025-26 financial year. This was mainly spent on roads, buildings and other structures. A further $123.9 million was spent on new assets including land and roads.



Karen Taylor
Director, Financial Audit

Delegate of the Auditor-General

DRAFT

Item 4.

Audit, Risk and Compliance Committee Annual Report to Council 2025/26

File No: S083523

Summary

The City of Sydney Audit Risk and Compliance Committee is responsible for oversight and monitoring of the City's audit, risk, and governance activities, including reviewing the implementation of recommendations resulting from internal audit, compliance and governance reviews.

The primary objectives of the Audit, Risk and Compliance Committee (ARCC) are to:

(a) assist the Council in discharging its responsibilities in relation to:

(i) financial reporting practices

(ii) business ethics, policies and practices

(iii) accounting policies

(iv) risk management and internal controls and

(v) compliance with laws, regulations, standards and best practice guidelines and

(b) ensure the integrity of the internal audit function.

The Audit Risk and Compliance Committee is required to report annually to Council. Covering the period 1 July 2025 to 30 June 2026, this report assesses the Audit, Risk and Compliance Committee's work, committee oversight and membership, the City of Sydney's internal and external audit functions, and its risk, compliance, governance, and assurance arrangements. The Committee has met all its responsibilities and is satisfied with the City's overall assurance framework.

Recommendation

It is resolved that Council note the Audit Risk and Compliance Committee's 2025/26 Annual Assessment Report as shown at Attachment A to the subject report.

Attachments

Attachment A. 2025/26 ARCC Annual Assessment Report to Council

Background

1. The Office of Local Government (OLG) Guidelines for Risk Management and Internal Audit for Local Government in NSW (the guidelines) require each council in NSW to have:

   (a) an audit, risk and improvement committee that continuously reviews and provides independent advice to the council on how it is functioning and managing risk

   (b) a robust risk management framework that accurately identifies and mitigates the risks facing the council and its operations and

   (c) an effective internal audit function that provides independent advice as to whether the council is functioning effectively and the council's internal controls to manage risk are working.

2. The guidelines clarify roles and responsibilities across risk management and internal audit, promote efficient and effective oversight arrangements, and streamline attestation requirements.

Audit Risk and Compliance Committee Annual Attestation to Council 2025/26

3. The Audit Risk and Compliance Committee is required by its Terms of Reference to report annually to Council. This report (Attachment A) covers 1 July 2025 to 30 June 2026.

4. The annual assessment report to Council must include:

   (a) a summary and assessment of the work the City's Audit Risk and Compliance Committee (ARCC) performed to discharge its responsibilities during 2025/26

   (b) an overview and assessment of the work of the Internal Audit unit

   (c) progress against key performance indicators

   (d) advice on the appropriateness of the Committee's Terms of Reference

   (e) an independent assessment by the Committee and advice on the matters considered by the Committee during the year that, in the Committee's opinion, and based on the level of risk facing Council, Council should be informed of

   (f) other views or opinions on the council that the committee wishes to share.

Key implications

Strategic alignment - Sustainable Sydney 2030-2050 Continuing the Vision

5. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:

    (a) Direction 1 - Responsible governance and stewardship - the recommendations outlined in this report will ensure that the Council is compliant with the requirements outlined in the Regulation and the Guidelines, as well as maintaining the strength and independence of the City's Audit Risk and Compliance Committee.

Organisational impact

6. The Audit Risk and Compliance Committee has been in place since 2002 and there will be no impact from the adoption of the recommendation in this report.

Risks

7. Completion of the Annual Report to Council is a key compliance requirement of the Audit Risk and Compliance Committee and in accordance with the City's Risk Appetite Statement, there is minimal appetite for non-compliance. The Annual Report is prepared in compliance with the OLG Guidelines and the Institute of Internal Auditors Global Internal Audit Standards.

8. This report provides assurance to the elected Council that the City's risk, governance and internal audit frameworks are operating effectively.

Relevant legislation

9. Local Government Act1993, sections 23A and 428A.

10. Local Government (General) Regulation 2021.

11. Guidelines for Risk Management and Internal Audit for Local Government in NSW - Office of Local Government (November 2023).

Critical dates / Time frames

12. The Audit Risk and Compliance Committee provides its annual report to Council in conjunction with the report of the External Auditor each year.

KIRSTEN MORRIN

Executive Director Legal and Governance

Debra Marschall, Audit and Admin Coordinator

Attachment A

2025/26 ARCC Annual Assessment Report to Council

CITY OF SYDNEY

2025/26 ARCC Annual Assessment Report to Council



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Cover photo: Martin Place at lunchtime featuring chairs in square, Edward William Rezar Hurst/City of Sydney

2025/26 ARCC Annual Assessment Report to Council

Overview of the Annual Assessment

Per the Office of Local Government's *Guidelines for Risk Management and Internal Audit for Local Government in NSW*:

The annual assessment report to Council must include:

- a summary and assessment of the work the City's Audit Risk and Compliance Committee (ARCC or Committee) performed to discharge its responsibilities during 2025/26
- an overview and assessment of the work of the Internal Audit unit
- progress against key performance indicators
- advice on the appropriateness of the Committee's Terms of Reference
- an independent assessment by the Committee and advice on the matters considered by the Committee during the year that, in the Committee's opinion, and based on the level of risk facing Council, Council should be informed of, and
- other views or opinions on the council that the committee wishes to share.

Introduction

The Audit Risk and Compliance Committee provides advice to Council on the integrity of the City's assurance functions, including internal audit, risk management, compliance, and governance.

The ARCC plays an important role in the City of Sydney Council's governance framework. Its primary objectives are to assist Council in discharging responsibilities with respect to:

- financial reporting
- business ethics, policies, and practices
- accounting policies
- internal controls
- risk management
- governance
- fraud and corruption prevention
- major legal matters
- work health and safety
- regulatory compliance
- alignment with standards and best practice guidelines.

The Committee complies with the Guidelines for the purposes of section 23A of the Local Government Act 1993 and reports to Council through the Corporate, Finance, Properties and Tenders Committee, in line with the Office of Local Government's (OLG) Guidelines for Risk Management and Internal Audit for Local Government in NSW (December 2023).

In December 2023 the Local Government (General) Amendment (Audit, Risk and Improvement Committees) Regulation 2023 was made.

The new legislation commenced on 01 July 2024. The new requirements in these regulations required further resolution of Council in relation to a new Audit Risk and Compliance Committee Terms of Reference and Internal Audit Charter.

The ARCC Terms of Reference, based on the OLG model Terms of Reference, was endorsed with minor amendments at the Committee meeting held on 20 June 2024, as was the Internal Audit Charter.

The new ARCC Terms of Reference and Internal Audit Charter were tabled and approved at Council on 28 October 2024. The Committee reviewed this Terms of Reference and proposed amendments for Executive review and endorsement. The proposed changes will be included in an upcoming report to the Council in late 2026.

This report covers the period 01 July 2025 to 30 June 2026.

Membership

In accordance with the updated Terms of Reference (October 2024), the Committee comprises one non-voting councillor and up to five independent members, one of whom holds the role of Independent Chair.

The City has adopted a staggered approach to the rotation of ARCC independent members, including the Chairperson, to ensure continuity of knowledge and skills. Each current independent member is pre-qualified on the NSW Treasury Panel for NSW Government Audit and Risk Committees.

Non-voting Councillor member:

- Councillor Robert Kok (from June 2022).

Independent members:

- Stephen Horne (appointed in January 2024 to a four-year term, appointed Chairperson from 01 July 2025).
- Robert Lagaida (appointed in December 2024 to a four-year term).
- Rosemary Milkins (appointed in December 2024 to a four-year term).

Ex-officio attendees include:

- Chief Executive Officer
- Executive Director Legal & Governance
- Executive Director Finance & Procurement
- Executive Director People, Performance & Technology
- Chief Internal Auditor
- Executive Manager Risk and Governance.

Invitees include:

- Representatives of the Audit Office of New South Wales
- Other officers, as requested by the Committee, to present on priority issues.

Meetings and attendance

The Committee met five times during 2025/26 to consider matters relating to the financial, audit and risk management issues of the City of Sydney.

In 2025/26 the Committee:

- reviewed and proposed changes to ARCC Terms of Reference
- reviewed and proposed changes the Internal Audit Charter
- reviewed progress made on the ARCC Strategic Work Plan
- reviewed progress made on the Internal Audit Strategy 2025/2028
- provisionally endorsed the proposed four-year strategic internal audit program, 2025/29
- focused internal audit activity in line with the City's risk profile and governance arrangements
- received regular reports on:
    - internal audit program status and progress on actioning improvements
    - risk management deployment and risk maturity
    - integrity and culture, including fraud and corruption prevention
    - modern slavery, chain of responsibility, workplace health and safety and other compliance-related matters
    - IT security and privacy management, including management of data breaches
    - cyber risk including cyber resilience maturity (Essential 8 and other requirements)
    - improvement and transformation (an overview of key projects delivering efficiency, effectiveness, and community experience improvement)
    - integrated planning and reporting, including long term financial planning, progress made on the City's Asset Management Improvement Plan, Crown and Community Plans of Management Program.
    - status of major legal issues.
- received briefings, updates, demonstrations, or presentations on:
    - updates on the Committee's current disclosures of interest
    - significant legislative and regulatory change updates
    - status and progress of the Procurement Transformation Project (PTP)
    - annual major projects update
    - annual procurement and contract management update
- annual assurance report on Integrated Planning & Reporting
- maintained oversight of financial reporting and endorsement of the financial statements including securing relevant attestations from the Executive Director Finance & Procurement.

During the 2025/26 reporting period, the Committee held four in-person meetings (July, October, November, March, and May. A quorum was present for all meetings.

Additionally, the Committee met *in camera* four times during the period with the Chief Internal Auditor prior to each meeting of the Committee.

The Committee met *in camera* with representatives of the Audit Office of NSW, prior to the review of the draft financial statements at the October 2025 meeting. No management representatives were present.

Summary: Committee Report Card

ARCC Charter – Roles and Responsibilities	Compliance
Committee composition	Yes
Tenure	Yes
Skills and experience, including financial, legal and/or business expertise	Yes
Induction of new members (for FY2024/25)	Yes
Declarations of Conflict of Interests	Yes
Internal Audit updates, as well as preparing the four-year internal audit plan, monitoring recommendations/agreed management actions, reviewing the Internal Audit Charter annually, providing performance feedback on service providers	Yes
Risk Management, Compliance, and Governance updates, including Fraud and Corruption Prevention, modern slavery, register of delegations, insurance, and privacy	Yes
Financial Management	Yes
External Audit	Yes
Meetings	Yes
Closed sessions	Yes
Minutes and papers (accurate and timely provision)	Yes
Assessment arrangements (annual)	Yes
Annual Assessment Reporting to Council (at least annually) – this report	Yes

Internal Audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the City's operations. It helps the City accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The City's Internal Audit unit is led by a chief audit executive (Chief Internal Auditor). Most audit reviews are undertaken through an outsourced contract model under the control of the Chief Internal Auditor. A panel of two service providers (RSM Australia and O'Connor Marsden & Associates) provided outsourced internal audit services during 2025/26. Both providers were notified of the City's intention to exercise the last one-year option. A tender for the Provision of Internal Audit Services will go to market in 2026/27.

For the 2025/26 reporting period, the Chief Internal Auditor tabled:

- the four-year strategic audit program for the period 2026-2030 and the annual operational audit plan for 2026/27
- regular reports from the Chief Internal Auditor on progress against the plan
- 15 audit reports
- regular reports on the progress of actions taken by management to address findings identified in previous audit reports
- reports on high-rated agreed management actions/recommendations deemed completed by management
- feedback received from clients
- annual IIA Internal Audit Self-Assessment Summary.

The Chief Internal Auditor met *in-camera* with the Chair and Independent Members before each Committee meeting without management present.

The Internal Audit Plan, FY2025/26

The 2025/26 operational audit plan was endorsed by the Committee at the 28 May 2026 meeting and comprised 14 reviews, including Facilities Management (rescheduled to 2026/27 program at the request of the client) and Major Asset Management – Lifecycle. The Committee is satisfied that the internal audit plan is aligned with and responds to the major risks identified in the City's risk profile.

A total of 15 reviews tabled during 2025/26, including 2024/25 reviews completed after the final Committee meeting in for 2024/25 (identified by *):

- DRIVES24 2025*
- Councillor's Expenses Compliance Review 2024*
- Schedule of Rates Contracts*
- Street Safety Camera Program 2025*
- Certification Industry Impacts on the City*
- Asset Condition Data Management*

- Property Acquisition and Divestment Management*
- Contract Management*
- Project Governance Management*
- Purchase Cards 2025
- Emergency Management of Facilities
- Cybersecurity – Change Management
- Business Continuity Management
- Resilient Sydney Platform – Data Method and Procedures
- Management of Mandatory Training

At the end of the financial year, 6 audits from the 2025/26 operational plan were at the final draft report stage, delayed by auditee priorities and staff unavailability.

At the preparation of this report, the Committee notes the following reviews are in the final draft report stage and are due to be tabled at the November 2026 meeting:

- Management of Psychosocial WHS
- Developer Contributions
- Chain of Responsibility (legislative requirements)
- Councillors' Expenses 2025
- Cybersecurity – Govern and Identify
- HRMS Timekeeping/Rostering (user developed systems)

All reviews have since progressed toward issuance.

The Committee reviewed and endorsed all recommendations/agreed management actions undertaken to address recommendations arising from audit reports.

Rating scale for internal audit reports

An overall rating scale for each engagement is applied as per the table below:

Overall Rating Scale for Reviews	Definition
Unsatisfactory	Numerous very high and/or high-risk issues
Requiring improvement	A small number of very high- or high-risk issues and/or many medium risk issues
Satisfactory	Only isolated instances of high issues and/or a small number of medium risk issues
Low	Only isolated instances of low to medium risk issues
Not Rated	Applies to focused reviews where a rating may not be representative of the overall control environment. High-level or specific reviews where only a small section of an area/process is examined, and investigation outcomes are not rated.

Assess the likelihood of the risk occurring

After the risk has been identified, the likelihood of the risk occurring must be determined using the following table.

When choosing the likelihood rating, choose the likelihood that is the most probable or likely to occur.

Likelihood	Time scale
Rare	Unlikely to occur and requires exceptional circumstance, even in the long-term future
Unlikely	May occur in the longer term, but not expected to happen
Possible	Could occur in the near future, but most likely won't
Likely	Will probably occur in the near future
Almost certain	Is occurring now or is a common occurrence

Assess the consequences

Identify the consequences of the risk event occurring. This is the level of impact an anticipated event would have on the City's objectives.

Consequence	Context
Insignificant	Minimal harm and/or can be managed without diversion of BAU resources
Minor	Minimal harm and/or some reprioritisation of business unit or divisional resources to support key objectives at a business unit, project or service level
Moderate	Modest harm and/or modest reprioritisation of resources across division/s to support delivery of strategic, operational and/or performance objectives
Major	Considerable harm, and/or substantial reprioritisation of resources across several divisions to support delivery of strategic, operational and/or performance objectives
Severe	Extreme harm, and/or substantial reprioritisation of organisational resources to salvage key strategic, operational or performance objectives

Rate the level of risk

The risk matrix below shows the priority ratings. Priority ratings range from Low to Very High.

Consequence & Likelihood	Insignificant	Minor	Moderate	Major	Severe
Almost certain	Low	Medium	High	Very High	Very High
Likely	Low	Low	Medium	High	Very High
Possible	Low	Low	Medium	High	High
Unlikely	Low	Low	Low	Medium	Medium
Rare	Low	Low	Low	Medium	Medium

Internal Audit reports tabled, 2025/26

For 2025/26 there were nine identified high-risk issues in the audits tabled.

Meeting 1 – July 2025

Review Name	Objectives and Outcomes	Overall Rating
2025 Review of Access to Transport for NSW's DRIVES24	Objective: The key objective of this engagement is to provide certification to TfNSW that the City is complying with its obligations under the Agreement jointly executed on 04 May 2020. This contract is for five years and ends 04 May 2025. Report issued on 24 June 2025. There were no findings.	Attestation only (not rated)
Councillors' Expenses Compliance Review 2024	Objective: The key objective of the review is to assess the extent of compliance over the payment of expenses and the provision of facilities to Councillors, as governed by the City of Sydney Council's *Councillors' Expenses and Facilities Policy* which was developed in accordance with sections 252,253 and 254 of *Local Government (General) Regulation 2021* and *Local Government Act 1993.* Report issued on 03 July 2025. There was one low-rated issue arising from this review. The management action has been completed.	Low
Schedule of Rates Contracts	Objective: The primary objective of the audit is to assess whether adequate controls are in place and have been operating effectively for the following areas: Scenarios under which the schedule of rates contract is developed, approved and executed; Tendering and approval process for the executed schedule of rates contracts; Purchase requisition and amendment process; and Contract administration and management processes. Report issued on 09 July 2025. There were two issues arising from this review (1 x M; 1 x L). Both management actions have been completed.	Satisfactory

Meeting 2 – October 2025 – no internal audits tabled (draft financial statements meeting)

Meeting 3 – November 2025

Review Name	Objectives and Outcomes	Overall Rating
Street Safety Camera Program 2025	Objective: The purpose of this review is to assess compliance with the key principles of the City's Street Safely Camera Program's Code of Practice: Compliance with policies and procedures; performance reporting; and risk management. Report issued on 22 July 2025. There were two low-rated issues and two improvement opportunities arising from this review. All management actions have been completed.	Low

Certification Industry Impacts on the City	Objective: The primary objective of this engagement is to provide insight and recommendations on the City's actions and future strategies to address key emerging risks within the Building Certification Team. These are to include, as agreed with management, the City's capacity and capabilities to accommodate: The increasing number of requests for building certification services such as construction certificates, complying development certificates, occupation certificates and inspections, including where the City is to be the replacement certifier; An increase in the complexity, legislative requirements, and the degree of potential scrutiny (actual and perceived), particularly in residential apartment certification; and Challenges in recruiting suitably qualified and experienced building surveyors and certifiers. Report issued on 01 August 2025. There were four improvement opportunities arising from this review. One has been completed. The remaining three are in progress and none are overdue.	Advisory only (not rated)
Asset Condition Data Management	Objective: The objective of the internal audit is to assess the adequacy and reliability of the City's processes and practices for recording and monitoring the conditions of its assets through the asset management applications (Trirega and CAMMS), and how they inform the preventative maintenance activities and strategies for the following four asset classes: Roads; Drainage; Parks; and Buildings. Report issued on 26 August 2025. There were four high-rated issues arising from this review. One has management action been completed. The remaining three management actions are in progress and not overdue.	Requiring Improvement
Property Acquisition and Divestment Management	Objective: The primary objectives of this internal audit were to review and assess the City's property acquisition and divestment procedures and processes for effectiveness, efficiency, and level of compliance with mandatory requirements. Report issued on 27 August 2025. There were three low-rated issues arising from this review and one improvement opportunity arising from this review. One management action has been completed. Two low-rated management actions are overdue, with one improvement opportunity.	Low
Contract Management (3 contract administrators)	Objective: The purpose of the review was to assess the contract management stages and processes, with emphasis on: Monitoring contractor deliverables; Receipting, approving, and processing progress payments; Assessing contractor compliance with City policies; Monitoring contractor performance: Processing of contract variations; and Processing of contract concluding activities. Report issued on 02 September 2025. There were four issues arising (3 medium and 1 low-rated) from this review. All are in progress. Two medium-rated management actions are complete. One medium-rated management action is at 50% completion and overdue.	Requiring Improvement
Review of Project Governance	Objective: The primary objective of this engagement was to provide an assessment of the project governance control environment. Report issued on 02 September 2025. There was one low-rated issue arising from this review. The management action has been completed.	Low

Meeting 4 – March 2026

Review Name	Objectives and Outcomes	Overall Rating
Review of Emergency Management of Facilities	Objective: The primary objective of this engagement was to assess the controls and processes in place for managing and responding to emergency situations in accordance with the mandatory requirements of the WHS Act and AS 3745, Report issued on 09 December 2025. There were two improvement opportunities arising from this review. Both management actions have been completed.	Low
Review of Purchase Cards 2025	Objective: The objective of this internal audit was to review the efficiency and effectiveness of the Purchasing Cards, in compliance with relevant laws, regulations, and industry standards. Report issued on 16 December 2025. There were three issues arising from this review; 1 high, 1 medium 1 low-rated, and one improvement opportunity arising from this review. All management actions have been completed.	Requiring Improvement
Cybersecurity – Change Management	Objective: The primary objective of the internal audit was to assess and provide assurance on the efficiency and effectiveness of the City's change management practices and processes in respect to access/privilege management, configuration and patch management, backup, and cyber security training and awareness. For the purposes of recognised good practice in cyber security change management, the review considered the following elements of the NSW Cyber-Security Policy 2023-24. Report issued on 17 February 2026. There were two improvement opportunities arising from this review. Both management actions have been completed.	Low
Business Continuity Management Review	Objective: The primary objective of this engagement was to provide an assessment of the City's Business Continuity Management (BCM) system, ensuring it is adequately prepared to manage disruptions and maintain critical business operations. Report issued on 17 February 2026. There were four issues from this review; 3 medium and 1 low-rated arising from this review. All management actions have been completed.	Satisfactory
Resilient Sydney – Data Method and Procedures	Objective: The primary objective of this engagement is to provide the City of Sydney and Resilient Sydney with a process and procedure review over the data that is made available to the Resilient Sydney Platform. Report issued on 12 March 2026. There were 4 improvement opportunities made for the consideration of management.	Advisory only (not rated)
Management of Mandatory Training	Objective: The objective of this health check audit was to review the efficiency and effectiveness of the management of mandatory training, in compliance with relevant laws, regulations, and industry standards. Report issued on 20 March 2026 There were 4 high-rated issues. All management actions have been completed.	Unsatisfactory

Meeting 5 – May 2026 – nil reports tabled

Monitoring internal audit recommendations

The Chief Internal Auditor has processes in place to monitor the status of agreed management actions arising from audit findings to ensure are implemented. The processes include:

- ensuring each executive director is accountable for monitoring the status of outstanding issues for their respective divisions, including reporting completion details to Internal Audit throughout the year
- regular internal audit status reporting to the Executive to assist in monitoring progress of outstanding audit actions
- reporting overdue management action items to monitor implementation and providing follow-ups at each ARCC meeting.

The Committee receives regular reports on the appropriateness of the management actions taken on high-rated, closed action items through follow-up reviews and new audits.

Management of internal audit actions/recommendations

The Internal Audit unit actively monitors the status of outstanding action items to ensure timely closure of relevant items.

At 30 June 2026, there were no overdue high-rated actions. There was one medium-rated action overdue, as well as two low-rated management actions.

The table below summarises the management of internal audit actions/recommendations at the end of each financial year. These actions are assigned to a business unit to be actioned by an agreed date.

Year	Outstanding Actions at Start of Year	New Actions from Audits	Actions closed	Current Actions at Year End	Actions Overdue [1]
30/06/2023	18	21	33	6	0
30/06/2024	6	28	26	8	0
30/06/2025	8	33	32	8	5[2]
30/06/2026	8	41	35	14	3

[1] Actions not completed by the agreed date.

[2] 3 medium-rated, 2 low-rated.

Forward Audit Plan, 2026/27

The updated four-year Strategic Internal Audit Program, incorporating the annual operational audit plan, was endorsed by the Executive on 24 June 2026 and approved (as tabled at the 28 May 2026 meeting) on 24 September 2026.

The approved plan for 2026/27 comprises a risk-based program of 15 reviews mapped to the City's Executive Risks and Improvement Focus Areas. In addition to the reviews, the plan includes other advisory and support service activities. This included probity support for the procurement of facilities management services, the Internal Audit unit's improvement project, and the annual confirmation to ARCC of the independence of internal audit activities from the City (as required by the Internal Audit Charter).

The Audit Program provides assurance coverage of key business performance themes i.e., expenditure, revenue, business performance, resilience, compliance, fraud and corruption control, information technology and cybersecurity, environment, and attestation requirements.

Annual assessment – Internal Audit unit

Per the OLG Guidelines for Risk Management and Internal Audit for Local Government in NSW, the Committee reviews the performance of the Internal Audit unit each year and reports its findings to the Council as part of the Committee's annual assessment.

This ARCC annual assessment of Internal Audit ensures that any concerns regarding the operation of the internal audit function and compliance with the International Professional Practices Framework can be dealt with before they are identified in the four-yearly strategic review. An annual assessment also encourages continuous improvement of internal audit activities.

The Audit Risk and Compliance Committee (ARCC) directed that an independent external quality assessment of the City's Internal Audit Unit be conducted every four years, in accordance with the Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF) and Global Internal Audit Standards. In the intervening years, the Chief Internal Auditor is required to undertake an annual self-assessment and report the results to the ARCC.

The most recent independent external quality assessment was completed in 2024, with the report provided to the Chair of the ARCC in July 2024. The assessment confirmed that the City's Chief Internal Auditor delivers an internal audit service of a very high standard, meeting all applicable requirements and conforming with the IIA's Global Internal Audit Standards. The assessment received the highest rating of 'Generally Conforms with all requirements'.

The first annual self-assessment following the independent assessment was completed in October 2025 and reported to the ARCC. The result was consistent with the previous independent assessment rating and confirmed the ongoing conformity of the Internal Audit Unit with the applicable IIA standards. The self-assessment also incorporated continuous improvement initiatives into the City's four-year Strategic Internal Audit Program.

The Chief Internal Auditor also provides an annual declaration to the ARCC and CEO. It covers:

1. Conformance to the City of Sydney's values.
2. Conformance to the City's Code of Conduct for employees.
3. Conformance to mandatory internal auditing requirements, including the IIA Code of Ethics.
4. Conformance to Internal Audit policies and procedures.

5. Conflicts of interest.
6. Completion of professional development requirements for the Institute of Internal Auditors Professional Membership (minimum 40 hours each year).

External Audit

The City's external auditor is the Audit Office of New South Wales.

The external auditor provides independent audit opinions on both the general and special purpose financial reports of Council. They are also required to audit the statutory returns relating to a number of the City's activities.

The City's Chief Internal Auditor periodically met with representatives of the external auditor to provide insights on the control environment and to minimise overlap of audit areas of focus.

The external auditor was invited to attend each ARCC meeting and joined Committee members on site visits as appropriate.

During the 2025/26 financial year, the Committee:

- considered the program and status reports covering the preparation of the previous financial year (2024/25)
- received and noted the external auditor's letter covering the final audit for 2024/25
- considered and endorsed the 2024/25 General and Special Purpose Financial Reports prior to Council's authorisation
- reviewed Directors' attestations
- reviewed the external audit plan for 2025/26.
- met with the CEO and Executive Director Finance & Procurement.

Risk management, compliance and governance

For the 2025/26 reporting period the Committee received updates on the topics listed below from the Executive Director Legal & Governance and the Executive Manager Risk & Governance:

- Data breaches
- Governance and compliance training - code of conduct, privacy, chain of responsibility, reporting misconduct
- A suite of updated governance policies
- Misconduct complaints and allegations
- Notifiable child safety incidents
- Notifiable pollution incidents
- Councillor meetings with registered lobbyists and property developers
- Data breaches
- Compliance obligations management
- Instances of non-compliance
- Implementation of legislation and regulatory changes

- Completion of the City's first iteration of assurance maps
- Review of child safety risks
- Review of local child safety risk management plans
- Implementation of modern slavery requirements
- Chain of responsibility improvements
- Regular updates on Executive level risks
- The City's risk appetite statement
- Risk management KPIs and new risk reporting
- Risk focussed senior manager briefings
- Annual risk management self-assessment including compliance with OLG Risk Management requirements
- 3-year risk management plan
- The City's insurance strategy and program
- Third party claims

Fraud and corruption prevention

For the 2025/26 reporting period the ARCC received updates on the topics listed below from the Executive Manager Risk and Governance:

- Senior managers briefing on corruption risks and the role of managers in prevention
- Corruption prevention seminar for City staff
- Corruption prevention in grant making workshop facilitated by ICAC
- Updated Public Interest Disclosure Policy
- Conflict of interest management
- Implementation of the annual fraud and corruption action plan
- Commencement of the review of the Fraud and Corruption Control Plan and corporate fraud and corruption risk assessment
- Staff training aimed at fraud and corruption prevention
- Internal investigations
- Business unit fraud and corruption control plans
- Complaints and allegations overview
- Reports of suspected corrupt conduct referred to ICAC under s11 of the Independent Commission Against Corruption Act 1988

Eight public interest disclosures were received during this period. The first matter was related to time theft and was finalised due to lack of supporting information. The second matter related to alleged unauthorised workplace surveillance and was found to be unsubstantiated. The third matter related to alleged bullying and harassment and misuse of Council resources and was found to be unsubstantiated. The fourth matter related to personal dealings with Council and misuse of Council resources and was found to be substantiated. The fifth matter relates to alleged

maladministration, timesheet fraud and bullying and harassment and is still under investigation. The sixth matter relates to alleged misuse of Council resources, wrongful termination and bullying and harassment and is still under investigation. The seventh matter relates to alleged inappropriate recruitment practices and misuse of Council resources and is still under investigation. The eighth matter relates to a number of allegations including bullying and harassment, undisclosed conflicts of interest and noncompliant restructure process and is still under investigation.

Legal

For the 2025/26 reporting period the Committee received updates on the topics listed below from the Executive Director Legal & Governance:

- updates on major legal matters
- briefings on any material litigation affecting the City.

Workplace health and safety

On a quarterly basis, the Committee reviews reports from the Executive Director People, Performance and Technology and the Executive Manager Safety & Wellbeing on workplace health and safety, including injuries, notifiable incidents, and workers compensation claims.

Conflicts of Interest Reporting

As required by the Audit Risk and Compliance Committee's Terms of Reference, declarations made by the ARCC independent members are listed below.

Stephen Horne – Independent Member (term began 01 January 2024)
Independent Chair (term starts 01 July 2025)
(term ends 31 December 2028)

Australian Energy Market Commission (Commonwealth)	Audit and Risk Committee: Independent Chair
Wingecarribee Shire Council	ARIC: Independent Chair
National Health Funding Body (Commonwealth)	Audit and Risk Committee: Independent Chair
NSW Trustee & Guardian	Audit and Risk Committee: Independent Chair
Parkes Shire Council	ARIC: Independent Chair
Northern Beaches Council	ARIC: Independent Chair
Western NSW LHD	Audit and Risk Committee: Independent Chair
Central Coast LHD	Audit and Risk Committee: Chair
Parramatta City Council	Audit and Risk Committee: Independent Chair

Rosemary Milkins – Independent Member
(term ends 30 November 2028)

Health Education & Training Institute	Audit and Risk Committee: Member
Mid-North Coast LHD (NSW Government)	Audit and Risk Committee: Independent Member
Health Professional Councils Authority	Audit and Risk Committee: Member
NSW Department of Customer Service	Audit and Risk Committee: Member
Nepean Blue Mountains LHD	Audit and Risk Committee: Member
40 Learnings Consultant & Advisory Services	Director/Sole Proprietor
The Eryldene Foundation (Charity)	Non-Executive Director
Emergency Leaders for Climate Action	Member
Western Sydney LHD	Audit and Risk Committee: Independent Member

Robert Lagaida
(term ends 30 November 2028)

Responsible Gambling (NSW Office of Responsible Gambling)	Trustee
NSW Local Government Procurement	Board Member
Western Sydney LHD	Audit and Risk Committee: Member
Bureau of Health Information	Board Member
Multicultural NSW	Audit and Risk Committee: Chair
Health Education and Training Institute	Audit and Risk Committee: Chair
Nepean Blue Mountains LHD	Audit and Risk Committee: Chair
Orange City Council	ARIC: Chair
Central Coast LHD	Audit and Risk Committee: Member
Blacktown City Council	ARIC: Chair
Liverpool City Council	ARIC: Member
City of Newcastle Council	ARIC: Member

North Beaches Council	ARIC: Member
Bayside Council	ARIC: Member
Wollongong City Council	ARIC: Member
Tamworth Regional Council	ARIC: Chair

Other

The Chief Internal Auditor has confirmed to the Audit Risk and Compliance Committee and the Chief Executive Office the independence of internal audit activities from the City as required by the ARCC-endorsed Internal Audit Charter.

The Committee assesses the currency of the Internal Audit Charter and evaluates the performance of the Internal Audit unit.

The Committee assesses the currency of its Terms of Reference and evaluates its performance annually.

The ARCC is satisfied that the City has:

- appropriate mechanisms in place to review and implement relevant State Government reports and recommendations related to local government; and
- developed a performance management framework linked to organisational objectives and outcomes.

STEPHEN HORNE

Chair, Audit Risk and Compliance Committee

October 2026

Item 5.

Investments Held as at 30 September 2026

File No: X127618

Summary

This report provides details of the City's investment portfolio and performance to 30 September 2026.

The City's total investment and cash position was $698.4M at 30 September 2026, with investments earning interest of $2.9M for the month.

The annual CPI inflation rate rose to 4.0 per cent in the 12 months to August 2026, up from 3.5 per cent in the 12 months to July. The August 2026 CPI outcome indicates that inflation remains above the RBA's target range of 2% to 3%.

The Reserve Bank of Australia (RBA) raised the cash rate again on 29 September 2026 from 4.35% to 4.60% in response to persistent inflationary pressures. Ongoing global uncertainty continues to influence the inflation outlook and is likely to remain a key determinant in shaping the Bank's interest rate policy decisions. The RBA Board assessed that inflation is expected to remain above target for some time, with upside risks persisting, including pressures on inflation expectations.

The City's cash and investments portfolio includes restricted funds in both internal ($271.5M) and external ($88.5M) cash reserves, to satisfy the City's legislative responsibilities, to set aside specific amounts for major initiatives within the Community Strategic Plan Delivering Sustainable Sydney 2030-2050 Continuing the Vision, and to distribute contributions to Community Housing Providers. The unrestricted balance of cash and investments ($338.4M) represents working capital, and funding required for the City's operating and capital expenditure commitments.

The City has known and projected commitments beyond currently restricted amounts, including its forward capital works program. The Long Term Financial Plan (LTFP) outlines details of the working capital, services, facilities, activities, capital works and acquisitions that will be funded by the City's accumulated cash and future revenue streams.

The City's investment portfolio returns are comparable to those of cash-managed funds available in the market. Market rates have risen following a lift in the official interest rates by the RBA since mid-March 2026 and the expectation of future interest rate increases in the near term.

It is worth noting that Council's investment opportunities are constrained by a combination of legislation, regulation and any directions and guidelines issued by the Minister for Local Government and the Office of Local Government. They effectively limit the City's investment profile to something similar to a cash managed fund, which generally produces lower returns but provides a high level of security. The City's returns from the investment portfolio remain in line with cash managed funds in the market.

This report includes graphs demonstrating that the City's liquidity profile continues to satisfy the requirements of the Investment Policy, and charts that identify the distribution of the City's portfolio across credit ratings, investment product types and financial institutions. Charts depicting the City's portfolio returns over and above both the 90-day Bloomberg AusBond and 30-day Bank Bill Rate (BBR) benchmarks have also been included to provide further insight into the City's total investment portfolio performance.

The structure of the City's investment portfolio continues to reflect the conservative approach outlined in the Investment Policy and Strategy, which remains appropriate for the current global and domestic economic conditions. The Policy and Strategy also maintain the City's commitment to sustainable investments where returns and risks are equivalent, under the environmentally and socially responsible investment criteria.

Recommendation

It is resolved that the Investment Report as at 30 September 2026 be received and noted.

Attachments

Attachment A. Register of investments and cash as at 30 September 2026

Attachment B. Investment performance as at 30 September 2026

Background

1. In accordance with the principles of sound financial management, cash that is surplus to the City's immediate requirements is invested within acceptable risk parameters to optimise interest income while ensuring the security of these funds.

2. Cash is only invested in authorised investments that comply with governing legislation and the City's Investment Policy and Strategy. The benchmark performance goal of the City's Investment Policy and Strategy is to surpass the 30 Days Bank Bill Rate (BBR) by 45 basis points while performance also continues to be measured against the Bloomberg AusBond Bank Bill Index.

3. The City's total investment and cash position as at 30 September 2026 was $698.4M, a decrease of $5.4M from 31 August 2026. The net decrease for the month of September is attributable to operational and capital works expenditure payments exceeding operating income receipts. A schedule detailing all the City's investments as at the end of September 2026 is provided at Attachment A.

4. The City achieved an annualised monthly return of 4.92% for September, which remains above the 30-Day BBR of 3.97%, the latest AusBond Monthly Bank Bill Index of 4.06% and the enhanced benchmark of 4.42% (BBR + 0.45%).

5. Since 2015, the City has utilised an additional strategic benchmark rate to measure its investment performance by exceeding the 30 day benchmark returns, by at least 45 additional basis points (0.45% p.a.). The 45 basis point increase is based on observed historical average increased credit spreads (or margins) over bank bill rates on offer in relation to 30-to-90-day investments.

6. The City's annual rolling return of 5.04% continues to exceed the 12-month average 30 Day BBR of 4.41%, the latest AusBond 12 Month Average Bank Bill Index of 4.32% and the enhanced benchmark of 4.86% (BBR + 0.45%).

7. The benchmarks were endorsed in the revised Investment Strategy approved by Council in November 2025. The City aims to achieve returns equal to or above these benchmark rates for the period. However, this achievement remains secondary to the critical strategies of maintaining a prudent and conservative risk profile and ensuring adequate liquidity for operational purposes.

Key implications

Strategic alignment - Sustainable Sydney 2030-2050 Continuing the Vision

8. The City's investments accord with all legislative and policy requirements, as detailed below, and aim to achieve returns above minimum benchmark rates.

Financial implications

9. The City's investments earned interest of $2.9M for the month of September 2026, is broadly in line with the monthly budgeted earnings of $2.9M.

Relevant legislation

10. Council is authorised to invest its surplus cash under section 625 of the Local Government Act 1993.

11. The Local Government (General) Regulation 2021 (section 212) requires the City to provide a written monthly report of all monies invested, under section 625 of the Act.

12. The Investment Policy and Strategy was last revised in November 2025, maintaining Council's commitment to give preference to sustainable investments where returns and risks are equivalent to other investments.

13. The City's investments accord with the Minister's Investment Order, the Office of Local Government's Investment Policy Guidelines, and the City's own Investment Policy and Strategy as adopted by Council on 17 November 2025.

Critical dates / Time frames

14. A monthly investment report must be submitted for Council's information and review within the following month.

Public consultation

15. Consultation is regularly undertaken with a number of financial institutions and investment advisers to consider options and ensure the City continues to maximise its investment return within appropriate legislative and risk parameters. City staff meet regularly with representatives of the 'Big 4' banks and NSW TCorp. At these meetings City staff actively advocate for Socially Responsible Investment (SRI) opportunities.

16. The banks acknowledge the appetite in the market for these products, and they continue to investigate the development of suitable products, however it has been challenging to match the level of funds to available SRI opportunities that meet the credit risk and maturity profile requirements of the City.

17. As noted in previous Investment Reports, Westpac were able to bring a Green Tailored Deposit product to market, which delivers a comparable return while achieving the City's preferred outcomes. The City currently holds $35M in seven tranches with this Green Tailored deposit.

18. The City currently holds $4.5M in a sustainability bond/FRN with Bank Australia invested in February 2023 and due to mature on 22 February 2027. This is based on an investment framework that is in line with the 2021 versions of the ICMA Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG). This SRI opportunity meets both the credit risk and maturity profile requirements of the City.

19. As at September 2026, the City invested $20M in Social Tailored Deposit in four tranches, an annually certified investment associated with a defined pool of eligible assets which may include affordable housing, public education and/or healthcare assets along with transport services to disadvantaged areas. This type of investment aligns with the SRI principles set out in the City's Investment Policy.

20. As per the investment policy and strategy endorsed by Council in November 2025, the City continues to explore opportunities for supporting environmentally and socially responsible investments within these constraints. The City will continue to encourage and give preference to these investments where they comply with the Ministerial Investment Order and satisfy the Council's policy and investment objectives. The investment climate is changing over time, and the City notes that many large-scale renewable projects are expected to evolve, which may result in additional sustainable investment offers in the medium-to-long term.

JEAN-MICHEL CARRIERE

Executive Director Finance and Procurement

Attachment A

Register of investments and cash
as at 30 September 2026

Register of Investments and Cash for September 2026 period

Institution	Rating	Face Value $	Amortised Value $	Monthly Net Returns	Monthly Net Return Annualised	Net Returns Rolling 12 Months	Maturity Date	Investment Date	Term (months)
Call Account & General Fund									
Westpac Bank- General Fund (Interest bearing)	AA-	142,815,668.94	142,815,668.94	0.38%	4.60%	4.60%	1-Oct-26	30-Sep-26	0
Commonwealth Bank	AA-	904,642.20	904,642.20	0.38%	4.50%	4.50%	1-Oct-26	30-Sep-26	0
Total		**143,720,311.14**	**143,720,311.14**	**0.38%**	**4.60%**	**4.60%**			
Term Deposits (TD)									
National Australia Bank	AA-	5,000,000.00	5,000,000.00	0.35%	4.15%	4.15%	2-Oct-26	14-Oct-25	12
National Australia Bank	AA-	5,000,000.00	5,000,000.00	0.35%	4.15%	4.15%	9-Oct-26	22-Sep-25	13
National Australia Bank	AA-	5,000,000.00	5,000,000.00	0.35%	4.15%	4.15%	13-Oct-26	22-Sep-25	13
National Australia Bank	AA-	5,000,000.00	5,000,000.00	0.35%	4.25%	4.25%	16-Oct-26	25-Sep-25	13
National Australia Bank	AA-	5,000,000.00	5,000,000.00	0.35%	4.25%	4.25%	20-Oct-26	25-Sep-25	13
National Australia Bank	AA-	5,000,000.00	5,000,000.00	0.35%	4.25%	4.25%	23-Oct-26	26-Sep-25	13
National Australia Bank	AA-	5,000,000.00	5,000,000.00	0.34%	4.05%	4.05%	10-Nov-26	23-Oct-25	13
ING Bank	A+	5,000,000.00	5,000,000.00	0.35%	4.17%	4.17%	13-Nov-26	28-Oct-25	12
ING Bank	A+	5,000,000.00	5,000,000.00	0.35%	4.17%	4.17%	19-Nov-26	28-Oct-25	13
Rabobank Australia	A	5,000,000.00	5,000,000.00	0.36%	4.28%	4.28%	24-Nov-26	11-Nov-25	12
ING Bank	A+	5,000,000.00	5,000,000.00	0.36%	4.35%	4.35%	27-Nov-26	13-Nov-25	12
Rabobank Australia	A	5,000,000.00	5,000,000.00	0.36%	4.33%	4.33%	4-Dec-26	21-Nov-25	12
Great Southern Bank	BBB+	5,000,000.00	5,000,000.00	0.36%	4.37%	4.37%	8-Dec-26	24-Nov-25	12
Rabobank Australia	A	5,000,000.00	5,000,000.00	0.36%	4.31%	4.31%	11-Dec-26	25-Nov-25	12
Rabobank Australia	A	5,000,000.00	5,000,000.00	0.37%	4.39%	4.39%	15-Dec-26	28-Nov-25	13
Great Southern Bank	BBB+	5,000,000.00	5,000,000.00	0.37%	4.43%	4.43%	18-Dec-26	2-Dec-25	12
Commonwealth Bank	AA-	5,000,000.00	5,000,000.00	0.38%	4.50%	4.50%	18-Dec-26	1-Dec-25	13
Rabobank Australia	A+	5,000,000.00	5,000,000.00	0.38%	4.50%	4.50%	5-Jan-27	5-Dec-25	13
Rabobank Australia	A+	5,000,000.00	5,000,000.00	0.40%	4.79%	4.79%	8-Jan-27	30-Jan-26	11
Rabobank Australia	A+	5,000,000.00	5,000,000.00	0.40%	4.79%	4.79%	12-Jan-27	30-Jan-26	11
Great Southern Bank	BBB+	5,000,000.00	5,000,000.00	0.40%	4.79%	4.79%	19-Jan-27	3-Feb-26	11
Rabobank Australia	A+	5,000,000.00	5,000,000.00	0.40%	4.78%	4.78%	29-Jan-27	28-Jan-26	12
Rabobank Australia	A+	5,000,000.00	5,000,000.00	0.41%	4.86%	4.86%	5-Feb-27	9-Feb-26	12
ING Bank	A+	5,000,000.00	5,000,000.00	0.41%	4.93%	4.93%	12-Feb-27	18-Feb-26	12
ING Bank	A+	5,000,000.00	5,000,000.00	0.41%	4.89%	4.89%	16-Feb-27	16-Feb-26	12
ING Bank	A+	5,000,000.00	5,000,000.00	0.41%	4.90%	4.90%	19-Feb-27	17-Feb-26	12
ING Bank	A+	5,000,000.00	5,000,000.00	0.41%	4.90%	4.90%	2-Mar-27	19-Feb-26	12
Rabobank Australia	A+	5,000,000.00	5,000,000.00	0.41%	4.90%	4.90%	5-Mar-27	20-Feb-26	12
Rabobank Australia	A+	5,000,000.00	5,000,000.00	0.41%	4.86%	4.86%	9-Mar-27	24-Feb-26	12
Great Southern Bank	BBB+	5,000,000.00	5,000,000.00	0.41%	4.91%	4.91%	12-Mar-27	25-Feb-26	12
Bank of Queensland	A-	5,000,000.00	5,000,000.00	0.41%	4.90%	4.90%	16-Mar-27	27-Feb-26	13
Great Southern Bank	BBB+	5,000,000.00	5,000,000.00	0.41%	4.92%	4.92%	19-Mar-27	2-Mar-26	13
Great Southern Bank	BBB+	5,000,000.00	5,000,000.00	0.42%	5.00%	5.00%	23-Mar-27	3-Mar-26	13
Great Southern Bank	BBB+	5,000,000.00	5,000,000.00	0.42%	5.00%	5.00%	6-Apr-27	3-Mar-26	13
Great Southern Bank	BBB+	5,000,000.00	5,000,000.00	0.42%	5.00%	5.00%	9-Apr-27	4-Mar-26	13
ING Bank	A+	5,000,000.00	5,000,000.00	0.44%	5.23%	5.23%	13-Apr-27	13-Mar-26	13
ING Bank	A+	5,000,000.00	5,000,000.00	0.44%	5.24%	5.24%	16-Apr-27	17-Mar-26	13
ING Bank	A+	5,000,000.00	5,000,000.00	0.46%	5.50%	5.50%	20-Apr-27	7-Apr-26	12
ING Bank	A+	5,000,000.00	5,000,000.00	0.46%	5.49%	5.49%	23-Apr-27	10-Apr-26	12
ING Bank	A+	5,000,000.00	5,000,000.00	0.46%	5.49%	5.49%	27-Apr-27	14-Apr-26	12
ING Bank	A+	5,000,000.00	5,000,000.00	0.46%	5.50%	5.50%	30-Apr-27	17-Apr-26	12
Bendigo & Adelaide Bank	A-	5,000,000.00	5,000,000.00	0.45%	5.45%	5.45%	4-May-27	12-May-26	12
Rabobank Australia	A+	5,000,000.00	5,000,000.00	0.46%	5.52%	5.52%	25-May-27	14-May-26	12
Rabobank Australia	A+	5,000,000.00	5,000,000.00	0.46%	5.46%	5.46%	1-Jun-27	27-May-26	12
Rabobank Australia	A+	5,000,000.00	5,000,000.00	0.46%	5.46%	5.46%	4-Jun-27	27-May-26	12
Rabobank Australia	A+	5,000,000.00	5,000,000.00	0.45%	5.40%	5.40%	8-Jun-27	29-May-26	12
Rabobank Australia	A+	5,000,000.00	5,000,000.00	0.45%	5.40%	5.40%	11-Jun-27	29-May-26	12
Rabobank Australia	A+	5,000,000.00	5,000,000.00	0.45%	5.43%	5.43%	15-Jun-27	2-Jun-26	12
Rabobank Australia	A+	5,000,000.00	5,000,000.00	0.45%	5.45%	5.45%	18-Jun-27	3-Jun-26	12
Rabobank Australia	A+	5,000,000.00	5,000,000.00	0.46%	5.47%	5.47%	22-Jun-27	9-Jun-26	12
National Australia Bank	AA-	5,000,000.00	5,000,000.00	0.44%	5.26%	5.26%	2-Jul-27	29-Jun-26	12
National Australia Bank	AA-	5,000,000.00	5,000,000.00	0.44%	5.26%	5.26%	6-Jul-27	29-Jun-26	12
Great Southern Bank	BBB+	5,000,000.00	5,000,000.00	0.44%	5.30%	5.30%	9-Jul-27	6-Jul-26	12
ING Bank	AA-	5,000,000.00	5,000,000.00	0.45%	5.36%	5.36%	16-Jul-27	5-Aug-26	11
ANZ Bank	AA-	5,000,000.00	5,000,000.00	0.44%	5.31%	5.31%	20-Jul-27	24-Aug-26	11
Great Southern Bank	BBB+	5,000,000.00	5,000,000.00	0.44%	5.32%	5.32%	23-Jul-27	25-Aug-26	11
Great Southern Bank	BBB+	5,000,000.00	5,000,000.00	0.45%	5.45%	5.45%	27-Jul-27	31-Aug-26	11
ANZ Bank	AA-	5,000,000.00	5,000,000.00	0.46%	5.48%	5.48%	3-Aug-27	1-Sep-26	11
ANZ Bank	AA-	5,000,000.00	5,000,000.00	0.46%	5.52%	5.52%	6-Aug-27	10-Sep-26	11
ANZ Bank	AA-	5,000,000.00	5,000,000.00	0.47%	5.59%	5.59%	10-Aug-27	14-Sep-26	11
ANZ Bank	AA-	5,000,000.00	5,000,000.00	0.47%	5.66%	5.66%	13-Aug-27	16-Sep-26	11
Bank of Queensland	A-	5,000,000.00	5,000,000.00	0.48%	5.71%	5.71%	17-Aug-27	22-Sep-26	11
ANZ Bank	AA-	5,000,000.00	5,000,000.00	0.48%	5.70%	5.70%	20-Aug-27	28-Sep-26	11
ANZ Bank	AA-	5,000,000.00	5,000,000.00	0.47%	5.67%	5.67%	24-Aug-27	29-Sep-26	11
ING Bank	A+	5,000,000.00	5,000,000.00	0.41%	4.95%	4.95%	4-Feb-28	12-Feb-26	24
ING Bank	A+	5,000,000.00	5,000,000.00	0.41%	4.95%	4.95%	8-Feb-28	12-Feb-26	24
Rabobank Australia	A+	5,000,000.00	5,000,000.00	0.44%	5.25%	5.25%	11-Feb-31	13-Feb-26	60
Term Deposits (TD) 'Social Tailored Deposits'									
Westpac Banking Corporation - Social Tailored Deposit	AA-	5,000,000.00	5,000,000.00	0.45%	5.42%	5.42%	7-May-27	8-May-26	12
Westpac Banking Corporation - Social Tailored Deposit	AA-	5,000,000.00	5,000,000.00	0.45%	5.45%	5.45%	11-May-27	12-May-26	12
Westpac Banking Corporation - Social Tailored Deposit	AA-	5,000,000.00	5,000,000.00	0.46%	5.48%	5.48%	18-May-27	13-May-26	12
Westpac Banking Corporation - Social Tailored Deposit	AA-	5,000,000.00	5,000,000.00	0.44%	5.30%	5.30%	13-Jul-27	17-Jul-26	12
Term Deposits (TD) 'Green Tailored Deposits'									
Westpac Banking Corporation - Green Tailored Deposit - (90 days BBSW + 72 points)	AA-	5,000,000.00	5,000,000.00	0.46%	5.47%	5.03%	6-Oct-26	19-Sep-25	13
Westpac Banking Corporation - Green Tailored Deposit - (90 days BBSW + 71 points)	AA-	5,000,000.00	5,000,000.00	0.46%	5.49%	5.02%	30-Oct-26	26-Sep-25	13
Westpac Banking Corporation - Green Tailored Deposit - (90 days BBSW + 70 points)	AA-	5,000,000.00	5,000,000.00	0.46%	5.46%	5.01%	3-Nov-26	29-Sep-25	13
Westpac Banking Corporation - Green Tailored Deposit - (90 days BBSW + 70 points)	AA-	5,000,000.00	5,000,000.00	0.43%	5.16%	4.94%	6-Nov-26	30-Sep-25	13
Westpac Banking Corporation - Green Tailored Deposit - Semi Annual Interest	AA-	5,000,000.00	5,000,000.00	0.36%	4.33%	4.33%	17-Nov-26	7-Nov-25	12
Westpac Banking Corporation - Green Tailored Deposit - Semi Annual Interest	AA-	5,000,000.00	5,000,000.00	0.37%	4.39%	4.39%	1-Dec-26	17-Nov-25	12
Westpac Banking Corporation - Green Tailored Deposit - (4.98% fixed 1 year & 3 months BBSW +78 bps 2 years)	AA-	5,000,000.00	5,000,000.00	0.44%	5.24%	4.97%	2-Apr-27	3-Apr-24	36
Total		**390,000,000.00**	**390,000,000.00**	**0.42%**	**5.01%**	**4.98%**			

Register of Investments and Cash for September 2026 period

Institution	Rating	Face Value $	Amortised Value $	Monthly Net Returns	Monthly Net Return Annualised	Net Returns Rolling 12 Months	Maturity Date	Investment Date	Term (months)
Floating Rate Notes (FRN)									
Bank of Queensland (90 days BBSW + 80 points)	A-	3,000,000.00	3,000,000.00	0.45%	5.34%	4.86%	27-Oct-26	27-Oct-21	60
Commonwealth Bank (3 month BBSW + 70 points)	AA-	3,250,000.00	3,250,000.00	0.43%	5.17%	4.72%	14-Jan-27	14-Jan-22	60
Westpac Banking Corporation (90 days BBSW + 70 points)	AA-	3,900,000.00	3,900,000.00	0.44%	5.24%	4.76%	25-Jan-27	18-Jan-22	60
Suncorp Bank (90 days BBSW + 78 points)	AA-	4,500,000.00	4,500,000.00	0.44%	5.32%	4.84%	25-Jan-27	17-Jan-22	60
Great Southern Bank (3months BBSW + 165 points)	BBB+	2,500,000.00	2,500,000.00	0.51%	6.16%	5.71%	9-Feb-27	9-Feb-23	48
Newcastle Greater Mutual Group Ltd (90 days BBSW + 100 points)	BBB+	2,250,000.00	2,250,000.00	0.46%	5.51%	5.06%	10-Feb-27	3-Feb-22	60
National Australia Bank (90 days BBSW + 72 points)	AA-	4,000,000.00	4,000,000.00	0.43%	5.22%	4.79%	25-Feb-27	25-Feb-22	60
ING Bank- (3 months BBSW + 95 points)	A+	1,500,000.00	1,500,000.00	0.47%	5.69%	5.05%	22-Mar-27	22-Mar-24	36
ANZ Bank (90 day BBSW + 97 points)	AA-	4,000,000.00	4,000,000.00	0.46%	5.48%	5.03%	12-May-27	12-May-22	60
Bendigo and Adelaide Bank (90 days BBSW + 100 points)	A-	2,000,000.00	2,000,000.00	0.46%	5.51%	5.06%	14-May-27	14-May-24	36
Westpac Banking Corporation (90 days BBSW + 105 points)	AA-	4,000,000.00	4,000,000.00	0.46%	5.54%	5.11%	20-May-27	20-May-22	60
Suncorp Bank (3 months BBSW + 110 points)	AA-	3,750,000.00	3,750,000.00	0.47%	5.59%	5.17%	24-May-27	24-Nov-23	42
National Australia Bank (3 months BBSW + 73 points)	AA-	4,000,000.00	4,000,000.00	0.43%	5.21%	4.74%	18-Oct-27	18-Oct-24	36
Great Southern Bank (3months BBSW + 103 points)	BBB+	2,400,000.00	2,400,000.00	0.46%	5.55%	5.05%	1-Nov-27	1-Nov-24	36
ANZ Bank (90 days BBSW + 120 points)	AA-	4,000,000.00	4,000,000.00	0.48%	5.72%	5.25%	4-Nov-27	4-Nov-22	60
Westpac Banking Corporation (90 days BBSW + 123 points)	AA-	5,000,000.00	5,000,000.00	0.48%	5.75%	5.29%	11-Nov-27	11-Nov-22	60
National Australia Bank (90 days BBSW + 120 points)	AA-	4,200,000.00	4,200,000.00	0.47%	5.70%	5.27%	25-Nov-27	25-Nov-22	60
Suncorp Bank (3months BBSW + 125points)	AA-	2,700,000.00	2,700,000.00	0.50%	5.94%	5.33%	14-Dec-27	14-Dec-22	60
ANZ Bank (90 days BBSW + 106 points)	AA-	4,000,000.00	4,000,000.00	0.49%	5.84%	5.19%	31-Mar-28	31-Mar-23	60
National Australia Bank (3 months BBSW + 78 points)	AA-	2,500,000.00	2,500,000.00	0.44%	5.25%	4.80%	14-Apr-28	14-May-25	35
Suncorp Bank (3 months BBSW + 105 points)	AA-	3,000,000.00	3,000,000.00	0.46%	5.51%	5.08%	12-Jul-28	12-Jul-23	60
Commonwealth Bank (3 month BBSW + 95 points)	AA-	3,000,000.00	3,000,000.00	0.45%	5.46%	5.01%	17-Aug-28	17-Aug-23	60
ANZ Bank (90 days BBSW + 93 points)	AA-	3,500,000.00	3,500,000.00	0.46%	5.58%	4.99%	11-Sep-28	11-Sep-23	60
Bendigo & Adelaide Bank (90 days BBSW + 96 points)	A-	1,500,000.00	1,500,000.00	0.46%	5.51%	5.02%	24-Oct-28	24-Oct-24	48
Great Southern Bank (3months BBSW + 93 points)	BBB+	4,200,000.00	4,200,000.00	0.45%	5.45%	5.02%	3-Nov-28	3-Nov-25	36
National Australia Bank (3 months BBSW + 103 points)	AA-	4,000,000.00	4,000,000.00	0.46%	5.54%	5.10%	16-Nov-28	16-Nov-23	60
Bank of Queensland (90 days BBSW + 77 points)	A-	4,000,000.00	4,000,000.00	0.44%	5.26%	4.88%	20-Nov-28	20-Nov-25	36
Bank Australia (3months BBSW + 103 points)	BBB+	4,000,000.00	4,000,000.00	0.46%	5.58%	5.15%	27-Nov-28	27-Nov-25	36
Westpac Banking Corporation (3 months BBSW + 100 points)	AA-	4,000,000.00	4,000,000.00	0.46%	5.47%	5.02%	15-Jan-29	15-Jan-24	60
ANZ Bank (90 days BBSW + 96 points)	AA-	3,500,000.00	3,500,000.00	0.45%	5.45%	5.01%	5-Feb-29	5-Feb-24	60
National Australia Bank (3 months BBSW + 90 points)	AA-	3,500,000.00	3,500,000.00	0.47%	5.64%	5.00%	22-Mar-29	22-Mar-24	60
ANZ Bank (90 days BBSW + 86 points)	AA-	4,000,000.00	4,000,000.00	0.46%	5.54%	4.95%	18-Jun-29	18-Jun-24	60
ING Bank (90 days BBSW + 102 points)	A+	4,500,000.00	4,500,000.00	0.46%	5.51%	5.08%	20-Aug-29	20-Aug-24	60
Suncorp Bank (3 months BBSW + 92 points)	AA-	4,000,000.00	4,000,000.00	0.47%	5.65%	5.04%	27-Sep-29	27-Sep-24	60
National Australia Bank (3 months BBSW + 82 points)	AA-	2,750,000.00	2,750,000.00	0.44%	5.33%	4.88%	14-Nov-29	14-Nov-24	60
Commonwealth Bank (3 month BBSW + 84 points)	AA-	2,000,000.00	2,000,000.00	0.44%	5.29%	4.87%	9-Jan-30	9-Jan-25	60
Newcastle Permanent Building Society (90 days BBSW + 125 points)	BBB+	4,000,000.00	4,000,000.00	0.48%	5.72%	5.26%	21-Jan-30	21-Jan-25	60
National Australia Bank (3 months BBSW + 83 points)	AA-	4,000,000.00	4,000,000.00	0.46%	5.51%	4.92%	18-Mar-30	18-Mar-25	60
Suncorp Bank (3 months BBSW + 93 points)	AA-	1,800,000.00	1,800,000.00	0.45%	5.42%	4.99%	21-May-30	21-May-25	60
ING Bank- (3 months BBSW + 95 points)	A+	3,200,000.00	3,200,000.00	0.47%	5.64%	5.02%	13-Jun-30	13-Jun-25	60
Westpac Banking Corporation (90 days BBSW + 83 points)	AA-	4,000,000.00	4,000,000.00	0.46%	5.58%	4.94%	19-Jun-30	19-Jun-25	60
Suncorp Bank (3 months BBSW + 80 points)	AA-	3,200,000.00	3,200,000.00	0.45%	5.40%	4.90%	2-Dec-30	2-Dec-25	60
Newcastle Greater Mutual Group Limited (90 days BBSW + 113 points)	BBB+	2,800,000.00	2,800,000.00	0.44%	5.34%	5.03%	23-Jan-31	23-Jan-26	60
Westpac Banking Corporation (90 days BBSW + 68 points)	AA-	2,500,000.00	2,500,000.00	0.43%	5.19%	4.95%	12-Feb-31	12-Feb-26	60
Suncorp Bank (3 months BBSW + 74 points)	AA-	2,800,000.00	2,800,000.00	0.45%	5.42%	5.26%	17-Jun-31	17-Jun-26	60
ANZ Bank (90 days BBSW + 66 points)	AA-	4,000,000.00	4,000,000.00	0.43%	5.15%	5.15%	21-Aug-31	21-Aug-26	60
ING Bank- (3 months BBSW + 60 points)	A+	5,000,000.00	5,000,000.00	0.45%	5.34%	5.34%	22-Sep-31	22-Sep-26	
Floating Rate Notes (FRN) 'Green/Climate Bonds/Sustainability Bond'									
Bank Australia - Sustainability Bond (3months BBSW + 155 points)	BBB+	4,500,000.00	4,500,000.00	0.50%	6.04%	5.68%	22-Feb-27	22-Feb-23	48
Total		**164,700,000.00**	**164,700,000.00**	**0.46%**	**5.51%**	**5.06%**			
Total Investments		**698,420,311.14**	**698,420,311.14**	**0.42%**	**5.04%**	**4.92%**			
Benchmark: 30 Day Bank Bill Index				**0.37%**	**4.41%**	**3.97%**			
Benchmark: Bloomberg AusBond Bank Bill Index				**0.36%**	**4.32%**	**4.06%**			
TOTAL INVESTMENTS & CASH		**698,420,311.14**	**698,420,311.14**						

Note:		
Total Investments & cash- as per investment report		698,420,311.14
IGS Sinking Fund Balance - as at September 2026		3,312,627.09
Net reconciling amount - closing Bank Balance (per register above) and closing General Ledger account balance (timing difference)		-496,511.42
Total Investments & cash - as per general ledger balance		701,236,426.81

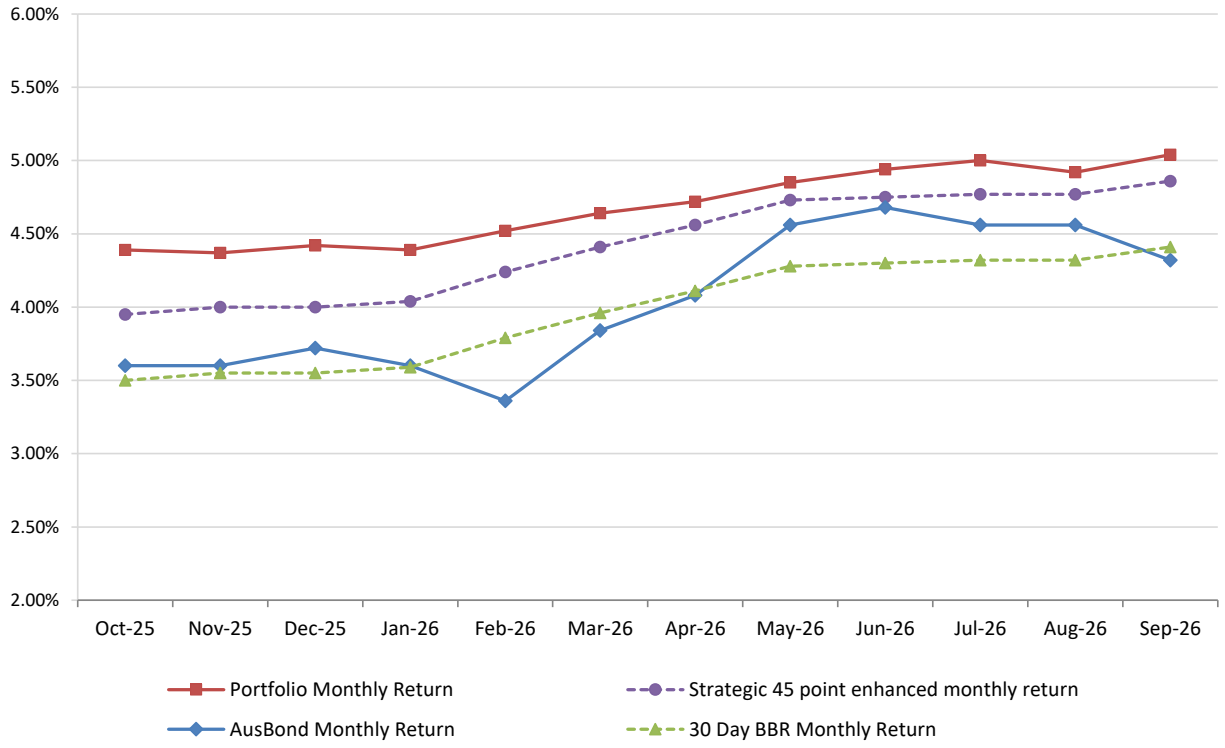
Summary of Net Investment Movements - September 2026			
Financial Institution	**Fund Rating**	**Net Investment/(Reduction) Amount $**	**Commentary**
General Fund & Call Account			
Westpac Banking Corporation - General Fund Account	AA-	2,368,000	Additional funds received from rates in August and other income held in call account for a property acquisition anticipated in October 2026
Term Deposits (TDs)			
National Australia Bank	AA-	(20,000,000)	Redeemed matured investments utilised for operational purposes, or placed in higher yielding investments.
Westpac Banking Corporation	AA-	(20,000,000)	
ANZ Bank	AA-	30,000,000	Redeemed matured investments and any additional income received, placed in higher yielding term deposits.
Bank of Queensland	A-	5,000,000	
Floating Rate Notes (FRNs)			
Macquarie Bank Ltd	A+	(4,000,000)	Redeemed matured investments utilised for operational purposes, or placed in higher yielding investments.
Suncorp Bank	AA-	(3,750,000)	
ING Bank	A+	5,000,000	Redeemed matured investment placed in higher yielding investment

Attachment B

Investment performance
as at 30 September 2026

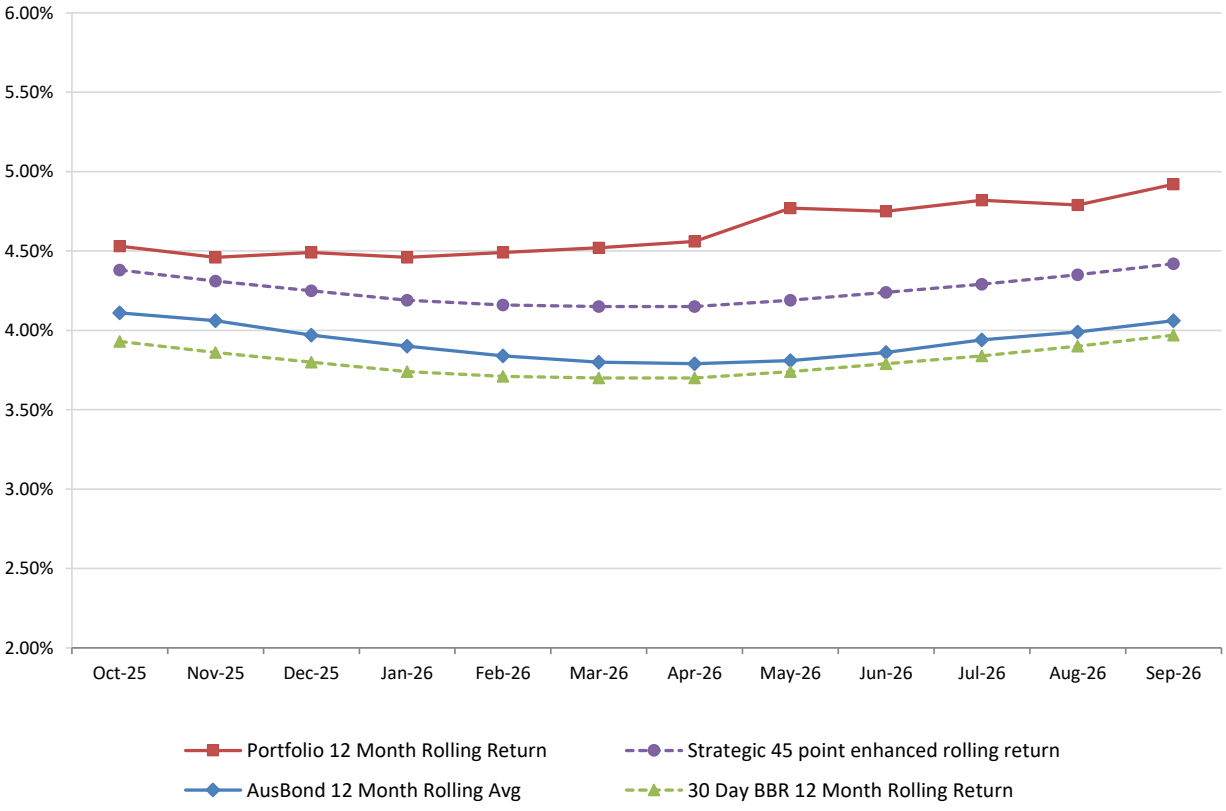
Monthly Results

Actual Portfolio vs Strategic Enhanced Benchmark vs AusBond Benchmark vs 30 Day BBR Benchmark
September 2026

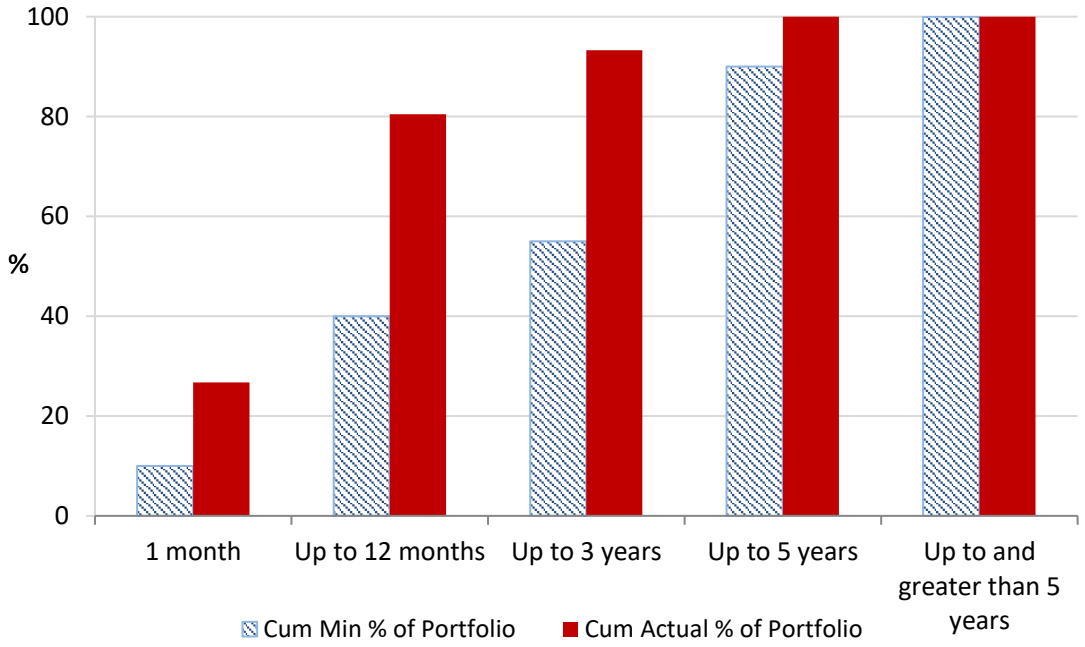


12 Month Rolling Averages

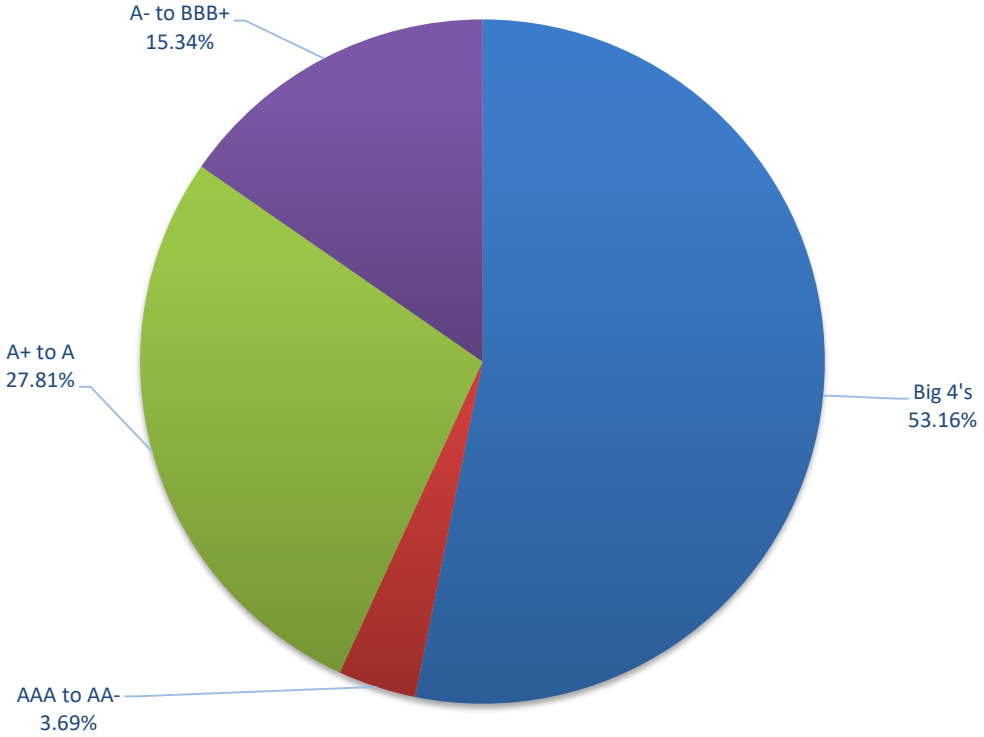
Actual Portfolio vs Strategic Enhanced Benchmark vs AusBond Benchmark vs 30 Day BBR Benchmark
September 2026



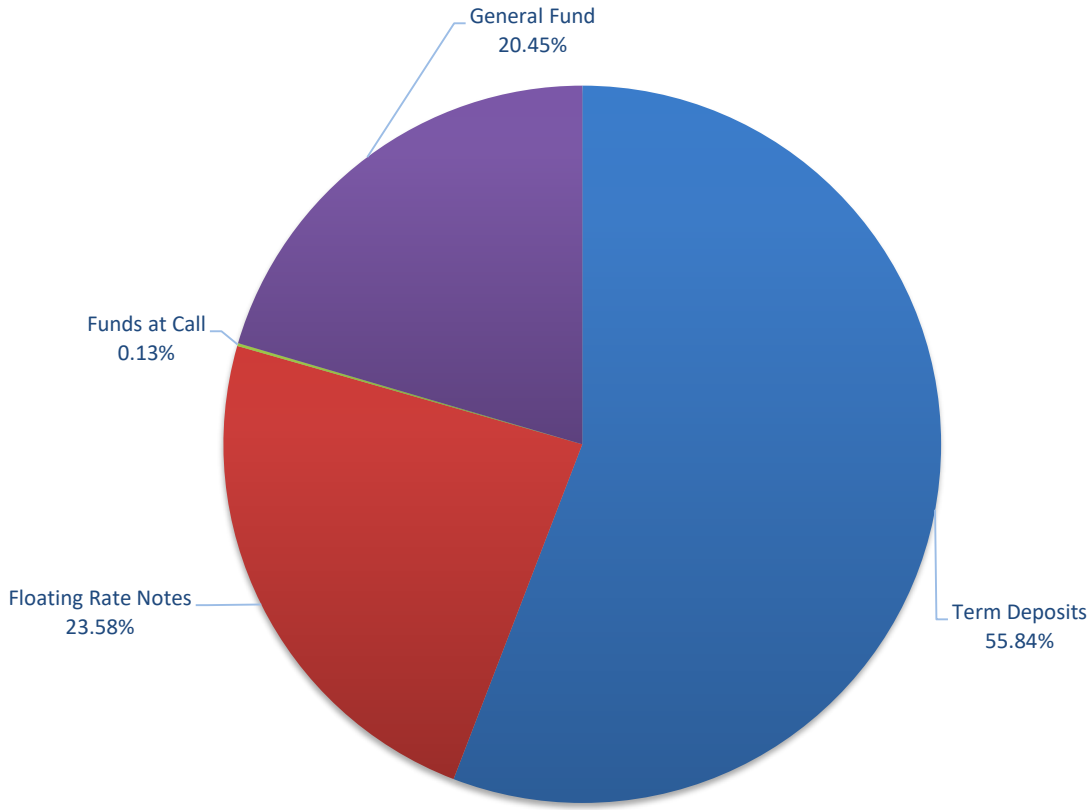
Portfolio Liquidity - Minimum Allocations as at 30 September 2026



Risk Profile as at 30 September 2026



Risk Profile as at 30 September 2026



INVESTMENT AND CASH DISTRIBUTION BY FINANCIAL INSTITUTION
as at 30 September 2026

Institution Category	Financial Institution	Amount $M	Financial Inst. %	Institution Cat. %
Australian Big 4 Bank's	ANZ Bank	62.0	8.9	
	Commonwealth Bank	14.2	2.0	
	National Australia Bank	74.0	10.6	
	Westpac Banking Corporation	221.2	31.7	
Big 4 Total		**371.3**		**53.2**
Other Australian ADIs and Australian subsidiaries of foreign institutions	Bank Australia Limited	8.5	1.2	
	Bank of Queensland	17.0	2.4	
	Bendigo & Adelaide Bank	8.5	1.2	
	Great Southern Bank (formerly Credit Union Australia)	64.1	9.2	
	ING Bank	94.2	13.5	
	Suncorp Bank	25.8	3.7	
	Rabobank Australia	100.0	14.3	
	Newcastle Greater Mutual Group Ltd	9.1	1.3	
Other ADI Total		**327.1**		**46.8**
Grand Total		**698.4**	**100.0**	**100.0**

Note:

Suncorp Bank was acquired by the ANZ Group and is now a subsidiary, but it operates alongside the parent company .

However, the "Big 4" banking group remains unchanged with Commonwealth Bank, Westpac, NAB, and ANZ. Suncorp Bank is excluded for the purposes of this "Big 4" attribution, in line with industry pratice.

However, Suncorp's credit rating was upgraded to AA- to align with ANZ's rating after ANZ acquired Suncorp Bank.

Item 6.

Tender - T-2025-1713 - City Road Works and Services

File No: X127940

Tender No: T-2025-1713

Summary

This report provides details of the tenders received for the City Road Works and Services contracts.

This tender covers the provision of services to manage the City of Sydney's network of roads, footpaths, kerbs, drainage and other associated assets. These services support ongoing repair, renewal and capital works to maintain safety, accessibility and efficient transport movement in line with the City of Sydney's operational plans. It replaces the services previously delivered under the SSROC Sustainable Pavements panel contract, which expired on 30 June 2026.

This tender for the City's Road Works and Services was issued in March 2026. The tendered services include design and construction works, as well as material supply, delivered under schedule of rates contracts across 3 categories:

Category 1 – asphalt, concrete and road services

Category 2 – asphalt supply

Category 3 – ready-mixed concrete and concrete materials supply

The tender allows the City to determine the outcome of each category independently, including awarding categories separately or in combination to a single supplier, or electing not to proceed with a category, having regard to the tender evaluation and the best overall value to the City.

The services range from supplying pre-manufactured construction materials for immediate on-site use to delivering large-scale annual road resurfacing programs.

The City of Sydney is responsible for maintaining, renewing and upgrading approximately 330km of roads and 600km of footpaths, with an asset value of over $3.6 billion. The work is high volume, complex and high risk, requiring capable and experienced service providers to deliver road works and related services effectively.

The contract term will be 4 years, with the option of up to two 2-year extensions, subject to satisfactory performance.

This report recommends that Council accept the tender offer of Tenderer C for Category 1 and Tenderer N for Category 3 for the City Road Works contracts for 4 years, with two 2-year extension options.

This report also recommends that Council decline to accept the tender offers received for Category 2 (asphalt supply) and enter into negotiations with suitable vendors to deliver the service.

Recommendation

It is resolved that:

(A) Council accept the tender offer of Tenderer C for Category 1 (asphalt, concrete and road services), and Tenderer N for Category 3 (ready-mixed concrete and concrete materials supply) for City Road Works and Services for the total contract value (including contingency) outlined in Confidential Attachment A to the subject report and the schedule of rates outlined in Confidential Attachment B to the subject report, for a period of 4 years with 2 optional extensions of 2 years each, if appropriate

(B) authority be delegated to the Chief Executive Officer to finalise, execute and administer the contracts relating to Category 1 and Category 3 of the City Road Works and Services tender

(C) authority be delegated to the Chief Executive Officer to exercise the options referred to in (A), if appropriate

(D) Council decline to accept the tender offers for Category 2 (asphalt supply) of City Road Works and Services for the reasons set out in Confidential Attachment A to the subject report

(E) Council does not invite fresh tenders for Category 2 (asphalt supply), as it is considered that inviting fresh tenders would not attract additional suitable vendors over and above those that have responded to this tender

(F) authority be delegated to the Chief Executive Officer to enter into negotiations with any person with a view to entering into a contract on terms that are appropriate in relation to the subject matter of the tender for Category 2 (asphalt supply)

(G) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender for Category 2 (asphalt supply)

(H) Council be informed of the successful vendor for Category 2 (asphalt supply) via the CEO Update.

(I) Council note that the total contract values (including contingency) for the City Road Works and Services contracts are outlined in Confidential Attachment A to the subject report.

Attachments

Attachment A. Tender evaluation summary (Confidential)

Attachment B. Schedule of rates (Confidential)

Background

1. The City of Sydney is responsible for maintaining, renewing and upgrading approximately 330km of roads and 600km of footpaths, with an asset value of over $3.6 billion.

2. The City uses contract resources for these services, to support a scalable approach in the management of its substantial infrastructure asset portfolio.. This arrangement ensures that the City has a resilient and effective long-term approach to delivering and managing infrastructure assets.

3. This tender is excluded under the Sourcing Framework Principles endorsed by Council on 25 August 2025 as the work involves major construction, requiring specialist services and plant.

4. The proposed City Road Works and Services contracts will continue to provide capacity to support demand peaks, specialised work types, geographic scalability and time-critical delivery requirements. As part of the tender, 3 separate contracts were proposed for the following categories: Category 1 – asphalt, concrete and road services; Category 2 – asphalt supply; and Category 3 – ready-mixed concrete and concrete materials supply. Categories 1 and 3 are being recommended for contract award. It is recommended that Council decline to accept the tender offers received for Category 2 and enter into negotiations with suitable vendors to deliver the service for the reasons set out in Confidential Attachment A.

5. This tender consolidates specialised road works and related services to deliver, planned maintenance to address defects to prolong asset life, condition-based planned renewal programs, and unplanned reactive maintenance across the City's road network. Services include road pavement and footpath repairs, drainage maintenance, rapid defect response, renewal works, emergency interventions and supporting functions. It also includes the integration of related services that are currently procured separately, such as ready-mixed concrete and concrete materials. This consolidated approach is intended to improve service responsiveness, reliability, commercial efficiency and scalability for essential infrastructure delivery.

6. The City Road Works and Services contracts are based on a schedule of rates structure, with the Producer Price Index rise-and-fall mechanism applying to all contracts.

7. Given the variability of civil infrastructure, it is anticipated that there will be circumstances where works will be required that are not envisaged in the schedule of rates that are unusual, unique or unknown at the time of tender, but which are of the general nature contemplated by the contracts.

8. To cater for these circumstances, the City Road Works and Services contracts will allow for suppliers to provide quotes on items not envisaged in the schedule of rates. The supplier must obtain competitive quotes for any such services (except in limited circumstances where this is not feasible, including emergency works). This arrangement is restricted to a cumulative upper limit of $249,999 inclusive of GST per project.

9. In circumstances where the total amount of non-schedule of rates items is expected to exceed the cumulative upper limit per project, a separate procurement process or approval will be required.

10. The City Road Works and Services contracts will ensure the City has the capability to:

    (a) maintain consistency in the City's approach to road services

    (b) scale resources from minor works (e.g. repair of small scale defects like potholes) to road re-sheeting programs and major road renewal programs, and promptly respond to emergency road works

    (c) coordinate a complex mix of service disciplines and high-risk activities

    (d) support innovation and sustainability improvements.

11. Internal maintenance teams will continue to deliver a portion of road and footway maintenance and traffic management activities, supporting the management of the City's substantial infrastructure asset portfolio, with asphalt and concrete being supplied for these activities under Categories 2 and 3 of the tender.

Invitation to tender

12. The request for tender was advertised on Tenderlink on 17 March 2026 and closed on 29 April 2026.

13. The Request for Tender was also available on the Supply Nation and NSW Indigenous Chamber of Commerce (NSW ICC) websites via their member opportunity boards.

Tender submissions

14. Fifteen submissions were received from the following organisations across the 3 categories:

    - ANR Engineering Pty Ltd (ABN: 47 640 156 752)
    - Bernipave Road Solutions Pty Ltd (ABN: 92 057 362 375)
    - Bitupave Ltd T/A NSW Boral Asphalt (ABN: 53 000 102 376)
    - Civotek Pty Ltd (ABN: 64 628 747 633)
    - D & M Excavations and Asphalting Pty Ltd (ABN: 92 057 362 375)
    - Downer Edi Works Pty Ltd (ABN: 66 008 709 608)
    - KK Consultants Pty Ltd T/A KK Civil Engineering (ABN: 45 096 363 254)
    - Mack Civil Pty Ltd (ABN: 94 163 885 943)
    - Metromix Pty Ltd T/A Metromix Concrete (ABN: 39 002 886 839)
    - NA Group Pty Ltd (ABN: 12 127 022 324)

- NSW Building and Civil Pty Ltd (ABN: 82 630 836 234)
- QUALITY MANAGEMENT & CONSTRUCTIONS PTY LIMITED T/as QMC Group (ABN: 29 067 829 323)
- State Asphalt Services Pty Ltd (ABN: 49 001 287 421)
- State Civil Pty Ltd (ABN: 88 159 352 271)
- Stateline Asphalt Pty Ltd (ABN: 76 138 667 759)

15. No late submissions were received.

Tender Evaluation

16. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.

17. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.

18. The evaluation distinguished between tender conformance with the RFT returnable schedules and contractual requirements and compliance with the mandatory and gradable evaluation requirements. Where a submission was assessed as non-conforming or non-compliant, the basis for that determination is recorded in Confidential Attachment A.

19. All submissions were assessed in accordance with the approved evaluation criteria being:

Mandatory Criteria – for Categories 1, 2 and 3
Financial integrity and compliance with the required insurances
Compliance with Legal and Regulatory Requirements – Environmental Management Sydney – Work Health and Safety
Material acceptance of the City's standard form contract

High Level Gradable Criteria – for Category 1	**Score out of**	**Weighting %**
Demonstrated Experience and Capability	25	Non-Price Criteria 50%
Demonstrated Capacity and Resources	25	
Project Delivery and Methodology	20	
Heavy Vehicles Chain of Responsibility (HVNL) compliance	10	
Work, Health and Safety compliance	10	
Social Procurement, Environment, Sustainability	5	
Modern Slavery compliance	5	
Schedule of Rates	50	Price Criteria 50%
TOTAL		**100%**

High Level Gradable Criteria – for Categories 2 and 3	**Score out of**	**Weightings %**
Demonstrated Experience and Capability	20	Non-Price Criteria 50%
Demonstrated Capacity and Resources	30	
Product Supply and Delivery Methodology	20	
Heavy Vehicles Chain of Responsibility (HVNL) compliance	10	
Work, Health and Safety compliance	10	
Social Procurement, Environment, Sustainability	5	
Modern Slavery compliance	5	

High Level Gradable Criteria – for Categories 2 and 3	**Score out of**	**Weightings %**
Schedule of Rates	50	Price Criteria 50%
TOTAL		**100%**

Performance measurement

20. The performance of the appointed service providers will be assessed against a comprehensive list of key performance indicators to manage, monitor and evaluate performance against the contract requirements.

    (a) Category 1 KPIs:

        (i) Program and delivery performance

        (ii) Worksite and traffic management

        (iii) Quality of Works

        (iv) Work Health and Safety Compliance

        (v) Environmental compliance

        (vi) Administration and data management

        (vii) Communication and community engagement

        (viii) Aboriginal and Torres Strait Islander engagement.

    (b) Category 2 KPIs:

        (i) Collection – quantity of goods supplied matches the quantity specified in the purchase order

        (ii) Goods are made available for collection by the supply date stated in the purchase order or as requested by City staff

        (iii) Compliance – goods supplied by the supplier (including any goods later rejected by the City) must comply with the specification and be fit for purpose

        (iv) Work Health and Safety – zero report of incidents or notifiable occasions for or relating to the supply of goods regarding Work Health and Safety and environmental laws.

(c) Category 3 KPIs:

(i) Supply – quantity of goods supplied matches the quantity specified in the purchase order

(ii) Delivery – goods are delivered by the completion date stated in the purchase order or as requested by City staff

(iii) Compliance – goods supplied by the supplier (including any goods later rejected by the City) must comply with the specification and be fit for purpose

(iv) Zero report of incidents or notifiable occasions for or relating to the supply of goods regarding Work Health and Safety and environmental laws.

21. Performance reviews will be held periodically against these criteria to ensure quality of service, sustainability and contribution to the City's strategic objectives relevant to the services. Performance against the contractual KPIs will also inform the City's decision on whether to exercise either of the optional 2-year contract extensions.

22. The appointed supplier will also be required to maintain ongoing compliance with the City's modern slavery requirements during the contract term, including completion of the City's required periodic compliance confirmation.

Financial implications

23. The total contract value and contingency for the City Road Works and Services contracts are detailed in Confidential Attachment A.

24. The schedule of rates is detailed in Confidential Attachment B.

25. Funds are allocated for these works within the relevant capital and operational budgets and future years' forward estimates.

26. The quantity of work awarded each year is subject to approved works programs required to achieve desired service levels set out in asset management plans and expected by the community. The City does not guarantee any minimum quantity of works in any year.

Risks

27. A risk assessment was undertaken early in the procurement process to identify risks associated with the services and materials supply. The risks associated with the services are high given the heavy operational demands of the road network, the critical nature of material supply continuity, the highly visible urban locations, and the structural load-bearing requirements of civil assets such as road pavements, bridges, intersections, and surrounding retaining infrastructure.

28. To address these risks, the tender evaluation focused on highly experienced and capable tenderers that demonstrated significant relevant civil engineering and manufacturing experience, robust supply chain and plant capacity to guarantee material delivery, and a high level of technical competency and understanding of the service and quality standards required by the City.

29. The contract and works will be managed in line with the tolerances set out in the City's Risk Appetite Statement, particularly the following:

    (a) Financial Risk Appetite: The City has a responsibility to ensure that it has sufficient resources in the short, medium and long term to provide the levels of service that are both affordable and considered appropriate by the community.

    (b) Environmental and Sustainability Risk Appetite: We are dedicated to actively identifying and addressing environmental risks associated with our activities and services. We prioritise prevention and proactive measures to minimise our ecological footprint, conserve resources and protect ecosystems.

    (c) Service Delivery Risk Appetite: We recognise that external threats, shocks and disasters may cause disruption to our services and core functions. We aim to enhance our resilience, crisis management and business continuity capabilities in readiness for these events.

    (d) People: We are committed to the health, safety and wellbeing of our workers, residents, visitors and others who interact with our assets, operations and services.

    (e) Infrastructure, Technology, Assets and Property Risk Appetite: We place a high priority on ensuring the continuity of essential services delivered through infrastructure assets. Our risk appetite emphasises the need to protect and maintain critical infrastructure to minimise disruption to services, meet community expectations and to ensure public safety.

    (f) Legal and Compliance: We make decisions that align with our corporate objectives, policies and strategies.

Relevant legislation

30. The tender has been conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.

31. Local Government Act 1993 - Sections 10A and 10B provide that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.

32. Attachments A and B contain confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:

    (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business

    (b) prejudice the commercial position of the person who supplied it.

33. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest. The reasons supporting this are that disclosure of the confidential information would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers. In addition, disclosure of the information provided in the course of the procurement process and the assessment of that information would prejudice the commercial position of the participants in the procurement process.

Critical dates / Time frames

34. New contracts will commence as soon as practicable, following Council resolution and formal execution.

35. Postponing the decision to award the tender would result in delays in the commencement of the required services, potentially disrupting service delivery and creating gaps in continuity. Such a deferral could negatively impact operational efficiency, stakeholder satisfaction, and the timely achievement of project objectives.

36. The proposed initial contract term is 4 years, with the option of up to two 2-year extensions, subject to satisfactory performance. The total proposed contract length for both contracts (Category 1 and 3) if all options are exercised is 8 years, ending in 2034.

Public consultation

37. Public consultation was not required prior to the tender being advertised.

38. The City Road Works and Services contracts incorporate the requirement for the appointed suppliers to support the City's public consultation activities, including:

    (a) preparation of concepts, visualisations and designs

    (b) distribution of notification letters to nearby residents and businesses about forthcoming civil works

    (c) provision of site management, signage and traffic management plans

    (d) preparation of Communications Management Plans that are scaled to suit the type and complexity of civil works

    (e) dedicated project community liaison officers who continue to proactively engage with the community where warranted.

VERONICA LEE PSM

Executive Director City Services

Michael He, Contract Portfolio Manager

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Item 7.

Tender and Contract Variation - T-2026-1749 - Resource Recovery Services for City Properties

File No: X130901

Tender No: T-2026-1749

Summary

This report provides details of the tenders received for Resource Recovery Services for City Properties. This report also seeks approval to increase the value of the City's current resource recovery contract so that essential services continue until the new contract commences.

Resource recovery services are required for 75 buildings within the City's property portfolio comprising commercial tenanted buildings, community facilities, aquatic centres, sporting facilities, libraries, childcare centres, town halls and operational depots. This portfolio may change during the contract term as properties are added, removed or their service requirements change.

This service is separate to residential waste services, recycling stations in our community venues and Recycle It Saturday events. Residential and commercial waste costs must be kept separate as residential waste is subsidised by the Domestic Waste Services Charge.

Council has adopted ambitious operational waste related targets which are tracked and reported on annually.

Tender

Tendered services will be provided for an initial period of 3 years, with 2 optional extensions of 2 years each, subject to satisfactory performance. Services will be paid under the tendered Schedule of Rates, using forecast collection and processing quantities for evaluation and budgeting. Actual expenditure will depend on services ordered and delivered during the contract term.

Current contract price variation

This report seeks approval to increase the value of the current contract for resource recovery services until the new contract is in place. The increase is required because actual and forecast expenditure exceeds the currently approved contract value, and additional authority is required to maintain uninterrupted collection and processing services through to 10 February 2027.

This report recommends that Council accept the tender offer of Tenderer G for Resource Recovery services for City Properties. The report also recommends Council approve a contract variation to increase the value of the current contract, as outlined in Confidential Attachment A, to ensure the continuity of waste collection and processing services for City properties.

Recommendation

It is resolved that:

(A) Council accept the tender offer of Tenderer G for Resource Recovery Services for City Properties for the price and contingency outlined in Confidential Attachment A to the subject report for a period of 3 years, with the option of 2 extensions of 2 years each if appropriate, and in accordance with the Schedule of Rates at Attachment B to the subject report

(B) Council note that the total contract value and contingency for Resource Recovery Services for City Properties are outlined in Confidential Attachment A to the subject report

(C) authority be delegated to the Chief Executive Officer to finalise, execute and administer the contracts relating to the tender

(D) Council approve the contract variation to the current contract for Resource Recovery Management Services for City owned properties, as outlined in Confidential Attachment A to the subject report, to ensure the continuity of waste collection and processing services for City properties

(E) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contract variation

(F) Council approve the additional contract funds sought from the operational budget as outlined in Confidential Attachment A to the subject report.

Attachments

Attachment A. Tender evaluation summary and financial implications (Confidential)

Attachment B. Schedule of rates (confidential)

Background

1. The City manages residential waste collection and waste processing services to 126,000 households. Under the Local Government Act 1993, the City is required to recover all costs for residential waste collection and processing through the Domestic Waste Charge from residents through the rates system. Separate to these services, the City is responsible for managing waste and resource recovery across its own property portfolio, including commercial buildings, community facilities, aquatic centres, sporting facilities, libraries, childcare centres, town halls and operational depots.

2. These facilities have unique operational requirements, waste streams and servicing needs that differ from residential waste services. In addition, the City must keep the costs for residential waste collection and processing separate to all other waste streams, to ensure the domestic waste charge only reflects the costs of the domestic waste service. As a result, a separate contract is required to ensure waste and resource recovery services are tailored to the needs of the City's diverse property portfolio and delivered efficiently across all sites.

3. There are currently 75 sites within the City's property portfolio to be serviced under the same contract. The number of properties will fluctuate throughout the contract period through business-as-usual property portfolio changes.

4. In accordance with the Council resolution of 25 August 2025, a high level assessment against the Sourcing Framework Principles found that the contract did not satisfy the required criteria to progress to Stage 2 of the sourcing framework. The recommendation is to continue outsourcing both collections and processing of waste from City owned and managed properties to a single supplier.

5. Tenderers were required to demonstrate sufficient capacity, fleet, plant, personnel, systems and processing arrangements to provide services to a broad portfolio and to a standard that supports the City's sustainability targets. Additionally, tenderers were expected to demonstrate a commitment to innovation and operational agility in a continually changing industry.

6. Tenderers were advised they will deliver comprehensive resource recovery services for City properties, focusing on operational excellence and the achievement of operational sustainability targets. At a minimum, the following core services will be collected and processed:

    - General waste
    - Paper / cardboard
    - Commingled recycling
    - Food organics
    - Garden organics
    - Bulky waste
    - Metal

- Batteries
- Fluorescent lights.

7. Under the current contract, the City became the first local government in Australia to achieve the Good Environmental Choice Australia (GECA) Waste Collection Service Standard accreditation for waste services across its own operational and community facilities. To ensure these best-practice environmental and data integrity standards continue to be achieved, the tender required the successful contractor to maintain this accreditation or obtain and maintain GECA certification within 18 months of contract commencement.

8. Tenderers were required to demonstrate a resource management approach that supports the City's waste targets for our properties, which are:

    - 90% diversion from landfill with 50% source separated recycling from our managed properties by 2030, and 60% source separated recycling from our managed properties by 2035
    - 20% reduction in total waste generated from our managed properties by 2030 increasing to a 25% reduction by 2035 (against a June 2019 baseline)

9. Delivery is supported by a resource management improvement program, transparent material-pathway reporting and service optimisation over the contract term.

10. The current contract for Resource Recovery Management Services for City Properties had an initial 3-year term with 2 extensions of 2 years each and will expire 10 February 2027, with no further options for extension.

11. Since commencement, the contract scope has expanded to include additional City facilities and enhanced waste services for tenants and building users. As a result, the remaining contingency is insufficient to meet operational requirements. Confidential Attachment A outlines the required increase to the current contract sum to ensure service continuity and support the transition to the new contract.

12. Based on the forecast operating expenditure, the approved contract value for the current contract will not be sufficient to maintain services until the contract term end date of 10 February 2027.

Invitation to tender

13. The Tender was advertised through Tenderlink for a total of 5 weeks, from 25 June 2026 to 3 August 2026.

14. The Request for Tender was also available on the Supply Nation and NSW Indigenous Chamber of Commerce (NSW ICC) websites via their member opportunity boards.

Tender submissions

15. Five submissions were received from the following organisations:

    - BINGO Commercial Pty Ltd (ABN 89 163 883 421)

- Faralga Pty Ltd (ABN 60 126 816 939)
- New Start Australia Pty Ltd (ABN 82 153 382 533)
- Sydney Waste Pty Ltd (ABN 15 084 444 342)
- Veolia Environmental Services (Australia) Pty Ltd (ABN 20 051 316 584)

16. No late submissions were received.

Tender evaluation

17. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.

18. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.

19. All submissions were assessed in accordance with the approved evaluation criteria being:

Evaluation criteria	**Evaluation weightings**
Demonstrated capacity and resources including the ability to scale operations to meet service demand, fleet, plant and equipment resources and resource allocation.	15%
Relevant experience and capability including details on comparable commercial waste collection contracts, references and personnel expertise.	10%
Heavy Vehicles Chain of Responsibility (HVNL) and WHS compliance including licence and registration details, risk assessments and safety management systems.	5%
Service Delivery Methodology and Innovation including demonstrating how services will be provided efficiently, commitment to circular economy and sustainable resource recovery and contingency plans to manage any issues that arise.	20%
Social Procurement, Environment, Sustainability and Modern Slavery details including waste minimisation and diversion from landfill strategies, programs that display good corporate citizenship and commitment to engaging Aboriginal and Torres Strait Islander people.	10%
Compliance with the relevant local and state Legislation and Standards	Mandatory
Financial and commercial trading integrity including insurances	Mandatory

Evaluation criteria	Evaluation weightings
Material acceptance of the City's standard form contract	Mandatory
Pricing under a schedule of rates	40%

Performance measurement

20. The City will ensure that performance standards are monitored throughout the contract by assessing the delivery of the following:

    (a) Core collection services - scheduled collection services delivered as per agreed schedule and in accordance with the City's Managing waste in public places – local approvals policy.

    (b) New sites and services - efficient accommodation of services for new sites and any service changes.

    (c) Service efficiency - contribute recommendations for service efficiencies and value add service opportunities.

    (d) Customer service - the service provider will be the primary point of contact for customer enquiries, complaints and must ensure prompt rectification of services as needed.

    (e) Reporting - compliance with the format required to integrate with the City's existing SMART (Sustainability Management and Reporting Tool) requirements.

    (f) Risk, Safety and Environmental Incident management - adherence to contract specific WHS Incident register and compliance with the Chain of Responsibility (CoR) provisions under the Heavy Vehicle National Law (HVNL).

    (g) Resource Management - actions tabled and completed in the resource improvement plan.

    (h) Financial integrity - invoices must accurately reflect the services delivered.

    (i) Contract integrity - Good Environmental Choice Australia (GECA) Waste Collection Service Standard attained within the agreed period.

Risks

21. We maintain a low tolerance for risks that pose a significant threat to health, safety, wellbeing and the environment, and we avoid risks that may result in reputational damage or financial loss.

22. Relevant sections of the City's Risk Appetite Statement include:

    (a) We are dedicated to actively identifying and addressing environmental risks associated with our activities and services. We prioritise prevention and

proactive measures to minimise our ecological footprint, conserve resources and protect ecosystems.

(b) We are committed to the health, safety and wellbeing of our workers, residents, visitors and others who interact with our assets, operations and services.

(c) We manage our assets, infrastructure and property in accordance with established service levels.

(d) We embrace innovative solutions and emerging technologies that enable us to minimise environmental risks and enhance sustainability. We actively explore and invest in sustainable alternatives, renewable energy sources and efficient resource utilisation.

23. The principal risks of the contractual arrangements for the City's resources recovery services for the city are:

(a) service continuity if the tender or current contract variation is not approved

(b) supplier financial and performance risk during the new contract

(c) mobilisation and transition risk between the current and new contractual arrangements.

24. These risks will be managed through the contract performance regime, transition planning, financial and commercial controls, operational contingency arrangements and the specific mitigations set out in Confidential Attachment A.

25. The principal service-continuity risk is a failure to have sufficient contractual authority and an operational provider in place. A disruption to waste collection could lead to accumulated waste, hygiene and pest issues, impacts on tenants and facility users, environmental incidents and urgent procurement at potentially higher cost.

26. The tender risk assessment also identified operational hazards including vehicle collision with buildings or people, exposure to sharps or chemical streams, battery fires and manual-handling risks. Contract controls include site-specific inductions, off-peak servicing where required, vehicle safety equipment, separate battery collections, PPE, incident escalation and a contract-specific WHS incident register.

Financial implications

27. There are sufficient funds allocated for this project within the current year's operating budget and future years' forward estimates, and sufficient funds in the long-term financial plan operational budget for Property Services to accommodate the additional funding for the contract variation requested, as detailed in Confidential Attachment A.

28. The total contract value and contingency for Resource Recovery Services for City Properties is detailed in Confidential Attachment A.

Relevant legislation

29. The tender has been conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.

30. Local Government Act 1993 - Sections 10A and 10B provide that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.

31. Attachments A and B contain confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:

    (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business

    (b) prejudice the commercial position of the person who supplied it.

32. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest. The reasons supporting this are that disclosure of the confidential information would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers. In addition, disclosure of the information provided in the course of the procurement and contract variation process and the assessment of that information would prejudice the commercial position of the participants in the procurement and contract variation process.

Critical dates / Time frames

33. Anticipated contract award - November 2026

34. Transition period - November 2026 to February 2027

35. Existing contract ends 10 February 2027

36. New contract commences - 11 February 2027 (Commencement Date)

37. The successful Tenderer is required to agree to a Transition In Plan within 2 weeks of the Commencement Date. Mobilisation will address systems and data, bins and signage, site access and inductions, customer communications, collection scheduling, reporting and readiness to meet the contractual Service Level Measures from service commencement. A transition out plan is also required within 12 months of commencement to support continuity at the end of the contract.

Options

38. No other viable options have been identified. Core waste collection services are essential to the fundamental operation of these buildings, which include commercial tenanted buildings, community facilities, aquatic centres, sporting facilities, libraries, childcare centres, town halls and operational depots. Not maintaining these services would significantly impact day to day operations of City managed properties and vital services.

Public consultation

39. No public consultation has been undertaken in relation to this tender.

KIM WOODBURY

Chief Operating Officer

Fiona McCleary, Sustainability Operations Coordinator

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Item 8.

Exemption from Tender - Purchase of 3 Trucks for the Bulky Waste Collection

File No: X093380

Summary

This report seeks an exemption from tender for the purchase of 3 used large compactor trucks to support the City's new bulky waste collection service, and the reallocation of existing Fleet Renewal Program funds to acquire the 3 used compactors and 3 new fully electric flatbed trucks required for service delivery.

At its meeting on 29 June 2026, Council approved the insourcing of the residential bulky waste booked pick up service and illegal dumping service. Currently, planning is being undertaken to commence this service by 1 July 2027.

The current service provider has put forward an offer for the City to acquire 3 used large compactor trucks that are currently operating under the existing contract. These trucks have been specifically configured for bulky waste collection operations, which requires increased compaction rates for the truck body along with reinforced compaction body components and additional holding capacity, unique to the service being undertaken.

The proposed acquisition of the 3 used large compactor trucks provides a defined timeline for delivery of the fleet to support the current planned commencement of service on 1 July 2027.

This report requests Council approve the recommendation, pursuant to section 55(3)(i) of the Local Government Act 1993, not to invite tenders for the purchase of 3 used trucks required to support the City's bulky waste collection service as a satisfactory result would not be achieved by inviting tenders, due to the unavailability of competitive or reliable tenderers.

Recommendation

It is resolved that:

(A) Council approve an exemption from tender in accordance with section 55(3)(i) of the Local Government Act 1993 to purchase 3 used trucks for the bulky waste collection service from Cleanaway Pty Ltd (ABN 79 000 164 938) for the amount set out in Confidential Attachment A to the subject report

(B) Council note that a satisfactory result would not be achieved by inviting tenders for this work as:

(i) the trucks are unique to the current service and have been specifically configured for bulky waste collection operations

(ii) the market for used waste compactor trucks is not competitive due to low availability of suitably equipped trucks

(iii) the supply of new compactor trucks that meet the technical requirements of the service would place the planned service commencement date of 1 July 2027 at risk due to local supply chain constraints

(C) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the purchase of 3 used trucks for the bulky waste collection

(D) Council approve an adjustment to the Plant and Asset budget to fund the acquisition of the 3 used large compactors, 3 new fully electric flatbed trucks and associated telematics equipment, which will be funded from within the existing fleet renewal program as outlined in Confidential Attachment A to the subject report.

Attachments

Attachment A. Financial implications (Confidential)

Background

1. The City provides domestic waste collection services to approximately 126,000 residential households across the local government area, including both single unit dwellings and multi-unit dwellings located within high-density residential buildings. These services are essential to protecting public health, maintaining clean and liveable neighbourhoods and supporting the City's environmental and circular economy objectives.

2. The operational environment for waste collection in the City of Sydney is significantly more complex than in most other local government areas due to the very high proportion of multi-unit dwellings, constrained street environments, basement waste storage areas and high levels of pedestrian and traffic activity. These factors require specialised operational planning, manual handling and coordinated access arrangements for many buildings.

3. At its meeting on 29 June 2026, Council approved the insourcing of the residential bulky waste booked pick up service and illegal dumping. At this time, planning is being undertaken to commence this service by 1 July 2027.

4. A review of fleet requirements was undertaken to support the proposed service delivery model, considering the current service provider's fleet arrangements and the operational requirements identified by City Services.

5. Detailed planning has identified that a fleet of 10 trucks is required to deliver the service, comprising of 3 large compactors, 4 medium compactors and 3 flatbed trucks. To reduce upfront capital costs and meet the planned commencement date of 1 July 2027. It is proposed to retain 4 existing medium compactors, acquire 3 used large compactor trucks and 3 new fully electric flatbed trucks.

6. Exemption from tender is being sought as the combined value of the 3 used large compactors may exceed the City's delegation.

7. Fleet Services has undertaken a condition assessment of the trucks being offered, including, mechanical, visual and operational inspections by the City's qualified senior mechanics. The assessment confirms the suitability of the trucks and establishes a baseline of their condition for future reference, which will determine the final purchase price of each truck.

8. The trucks are approximately 7 years old and are proposed to remain in service at least 2 years. Based on their assessed condition, this period is considered appropriate and remains within the service life commonly achieved for comparable waste compactor trucks.

9. Purchasing of these trucks will also provide Fleet Services more time to evaluate fit for purpose electric trucks available in the market and align future procurement with the rollout of supporting EV charging infrastructure in our depots.

10. The proposed acquisition is considered to represent value for money based on the market value of trucks of comparable make, model, age and condition. Compatibility with the City's existing fleet provides additional operational efficiencies through reduced training requirements, existing spare parts holdings and established inhouse maintenance capability, performed by Fleet Services within existing capacity.

Organisational impact

11. The recommended fleet procurement will enable the effective delivery of the Bulky Waste Collection service. The requested assets are integral to the service and align with the workforce resourcing being introduced, ensuring employees have fit for purpose equipment to undertake operations safely and efficiently.

Risks

12. The proposed fleet procurement aligns with the City's risk appetite and tolerance by supporting the safe, reliable and efficient delivery of the Bulky Waste Collection service.

Financial implications

13. The requested funding is proposed to be reallocated from an existing fleet renewal project with a budget surplus. While this would ordinarily be addressed through the quarterly budget update process, seeking approval now will provide greater lead time for fleet procurement and delivery ahead of the planned service commencement date.

14. Details of the proposed budget reallocations and further financial analysis are provided in Confidential Attachment A.

15. The cost of future renewal of these trucks, as well as their ongoing operating cost, will be recoverable through the domestic waste management charge and is not expected to materially impact the long term financial plan.

Relevant legislation

16. The exemption from tender process has been conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.

17. Local Government Act 1993 - Sections 10A and 10B provide that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.

18. Attachment A contains confidential commercial information of the tenderers and details of Council's procurement which, if disclosed, would:

    (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business

    (b) prejudice the commercial position of the person who supplied it.

19. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest. The reasons supporting this are that disclosure of the confidential information would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers. In addition, disclosure of the information provided in the course of the procurement process and the assessment of that information would prejudice the commercial position of the participants in the procurement process.

20. Pursuant to sections 496, 501 and 502 of the Local Government Act 1993 (NSW), Council is authorised to levy annual charges for the provision of domestic waste management services and recover the associated costs of delivering those services from service users. This cost recovery framework enables the acquisition cost of domestic waste fleet assets to be funded over their operational life and incorporated into future Domestic Waste Management Charges, ensuring subsequent vehicle renewal and replacement programs are fully funded through the service's long-term financial plan.

Critical dates / Time frames

21. 1 July 2027 – current planned commencement for the Bulky Waste and Illegal Dumping Service.

Options

22. Procure a completely new fleet of trucks to perform the service. This option is not recommended as:

    (a) local supply constraints for the larger compactor trucks will place the planned service commencement date at risk

    (b) the procurement of an entirely new fleet would require a significant increase in funding for the current financial year, beyond that available within the approved fleet renewal program.

    (c) procuring suitable used trucks extends the useful life of existing assets and retains their embodied carbon, while providing additional time for the electric truck market to mature and the City’s EV charging infrastructure program to be delivered.

23. Defer the planned service commencement until a completely new fleet can be procured. This would postpone the planned service improvements that underpin the decision to re-establish bulky waste collection as an in-house service.

VERONICA LEE PSM

Executive Director City Services

Christian Severino, Manager Parking Fleet and Depot Services

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Item 9.

Exemption From Tender - City Recital Hall Building Works

File No: X106496.041

Summary

City Recital Hall was developed through a public-private partnership between the City of Sydney and AMP as part of the Angel Place redevelopment. Opened in October 1999, it is a purpose-built performance venue suited to chamber music, solo recitals and the spoken word.

The City holds a 99-year lease over the recital hall, back-of-house facilities and 3 ground-floor restaurants. The lease is in its 27th year, with approximately 72 years remaining. Under the terms of lease, the City takes the same responsibilities as if it were the owner of the premises, including in respect of capital or structural works, repairs and maintenance.

In 2010, Mirvac acquired AMP Life's property interests and Mirvac became the head lessor.

Building-wide fire safety works are required under a Fire Safety Order issued on 9 June 2026 for 123 Pitt Street, Sydney and 2-12 Angel Place, Sydney.

Following the issue of the fire safety order, Mirvac, as building owner, engaged a suitably qualified contractor to investigate the required fire hydrant upgrades to achieve compliance and ensure compatibility with current Fire and Rescue NSW operational requirements.

A separate City-led procurement process is not considered practical or feasible, as the works relate to a building-wide hydrant system under Mirvac’s control. Utilising Mirvac’s appointed contractor would support a coordinated approach to the design and delivery of the required upgrades, maintain consistency with the wider building works and reduce the risk of incompatible design solutions or rework as well as avoiding duplication, reduce interface and delivery risks, minimise disruption to venue operations, and support timely compliance with the fire safety order.

This report recommends that Council grant an exemption from tender for the engagement of Mirvac Limited to design and deliver the required fire safety works for City Recital Hall component of the building.

Recommendation

It is resolved that:

(A) Council approve an exemption from tender in accordance with section 55(3)(i) of the Local Government Act 1993 for the procurement and delivery of the fire hydrant and associated works by Mirvac Limited (ABN 92 003 280 699) at the City Recital Hall building at 2-12 Angel Place, Sydney for the amount set out in Confidential Attachment A to the subject report

(B) Council note that a satisfactory result would not be achieved by inviting tenders for these works because:

(i) as owner of the building Mirvac Limited are best placed to understand the detailed requirements to design and deliver the requirements to upgrade the fire hydrant and associated works

(ii) a separate City-led tender would require the City to engage specialist advisers, duplicate a technical briefing already undertaken and introduce additional procurement and approval stages, delaying the works and extending reliance on interim fire-safety measures

(iii) the timeframes imposed under a Fire Safety Order to address the compliance issues identified by NSW Fire Brigade are best met by Mirvac Limited as the owner of 123 Pitt Street and 2-12 Angel Place

(C) Council note the financial implications and approve bringing forward the funds from future years as detailed in Confidential Attachment A to the subject report and

(D) authority be delegated to the Chief Executive Officer to negotiate and enter into any documentation necessary to give effect to these resolutions.

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. City Recital Hall was developed through a public-private partnership between the City of Sydney and AMP as part of the Angel Place redevelopment. Opened in October 1999, it is a purpose-built performance venue suited to chamber music, solo recitals and the spoken word.

2. In 2010, Mirvac acquired AMP Life's property interests and Mirvac became the head lessor.

3. The City holds a 99-year lease over the recital hall, back-of-house facilities and 3 ground-floor restaurants. The lease is in its 27th year, with approximately 72 years remaining. Under the terms of lease, the City takes the same responsibilities as if it were the owner of the premises, including in respect of capital or structural works, repairs and maintenance.

4. City Recital Hall Limited is an independent not-for-profit organisation responsible for the venue's programming, operations and financial management. Since 2015, it has operated the venue under an operating agreement and rent-free sublease through the City's Accommodation Grants Program, with ongoing operational funding from the City.

5. Fire and Rescue NSW have advised that older fire hydrant systems may no longer meet current Fire and Rescue NSW operational requirements, despite complying with the standards applicable at the time of installation.

6. In its regulatory capacity, the City's Health and Building Unit issued a fire safety order to the owner of 123 Pitt Street and 2–12 Angel Place requiring the building's hydrant system to be upgraded.

7. Following the issue of the fire safety order, Mirvac, as building owner, engaged a suitably qualified contractor to investigate the required fire hydrant upgrades to achieve compliance and ensure compatibility with current Fire and Rescue NSW operational requirements.

8. A separate City-led procurement process is not considered practical or feasible, as the works relate to a building-wide hydrant system under Mirvac's control.

9. Utilising Mirvac's appointed contractor will avoid duplication, reduce coordination and delivery risks, minimise disruption to venue operations, and support timely compliance with the fire safety order.

10. An independent quantity surveyor will review and validate all tenant-specific costs prior to approval to provide assurance of value for money for the City.

Risks

11. The key risks associated with the City Recital Hall hydrant upgrade are fire safety compliance, cost escalation and disruption to performances and venue operations. The City will review all proposals to confirm the scope addresses the fire order, assess value for money through independent quantity surveyor review, and agree a staged delivery approach with Mirvac and the venue operator to minimise service disruption.

12. The City has minimal appetite for more than temporary disruption to community service functions. The recommended fire safety works support safe, reliable operations at City Recital Hall, with works scheduling coordinated to minimise disruption to performances and services.

Financial implications

13. There are sufficient funds allocated for this project within the capital works long term financial plan.

14. Financial implications are outlined in Confidential Attachment A.

Relevant legislation

15. The exemption from tender process has been conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.

16. Local Government Act 1993 - Sections 10A and 10B provide that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business if it is in the public interest to do so.

17. Attachment A contains confidential commercial information which, if disclosed, would:

    (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and

    (b) prejudice the commercial position of the person who supplied it.

18. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest. The reasons supporting this are that disclosure of the confidential information would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers. In addition, disclosure of the information provided in the course of the procurement process and the assessment of that information would prejudice the commercial position of the participants in the procurement process.

Critical dates / Time frames

Fire safety order

19. If the proposal does not proceed within the required critical dates, Mirvac and the City will not be able to meet the staged fire safety order timeframes. Any delay may also result in the loss of contractor availability, additional mobilisation and escalation costs, and further program slippage.

20. Subject to approval, detailed design is scheduled for late 2026, final approvals are anticipated by December 2026, and construction works are expected to commence from January 2027 with a scheduled completion date of May 2027.

21. Mirvac is coordinating these works as part of a building-wide program. A delayed decision could disrupt the City's participation, increase costs and put timely compliance at risk.

Options

22. An alternative option is for the City to undertake a separate procurement process for the fire hydrant and building works within its leased premises. This option is not recommended as the works form part of a building-wide fire hydrant system under Mirvac's control. A separate procurement process would increase costs, introduce interface risks and may delay the required compliance works.

KIM WOODBURY

Chief Operating Officer

Michelle Abbey, Property Portfolio Manager

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