CITY OF SYDNEY

9 November 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. **2026/27 Quarter 1 Review – Delivery Program 2025-2029**
4. **City of Sydney 2025/26 Annual Reporting and Public Presentation of the 2025/26 Financial Statements and Audit Reports to Council**
5. **Investments Held as at 31 October 2026**
6. **Review of the Investment Policy and Strategy**
7. **Land Classification - 542-544 George Street, Sydney**
8. **Tender - T-2025-1697 - Legal Services Panel**

# 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.

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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 meetings of the Corporate, Finance, Properties and Tenders Committee are submitted for confirmation:

Meeting of 19 October 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.

## 2026/27 Quarter 1 Review – Delivery Program 2025-2029

Document to Follow

# Item 4.

## City of Sydney 2025/26 Annual Reporting and Public Presentation of the 2025/26 Financial Statements and Audit Reports to Council

Document to Follow

# Item 5.

## Investments Held as at 31 October 2026

Document to Follow

# Item 6.

## Review of the Investment Policy and Strategy

**File No: X020701**

## Summary

This report presents the revised Investment Policy (Policy) and Investment Strategy (Strategy) for the management of Council's funds.

The Policy and Strategy are reviewed annually, as a minimum, to ensure they remain appropriate and respond to changes in economic, investment and legislative environments. The annual review of the Policy and Strategy, together with the proactive management of funds, has resulted in a secure investment portfolio that aims to continue to outperform the benchmark returns required by the policy.

The Investment Policy sets out Council's investment objectives to safeguard the City's cash and investment portfolio, achieve appropriate rates of return and manage the portfolio to ensure sufficient liquidity to meet Council's business objectives. It includes investment criteria to frame investment decisions, risk management parameters, and investment governance standards to ensure transparency, internal controls and performance management.

The Investment Strategy outlines Council's investment intentions in light of the current economic, investment and legislative environments. The focus is on the investment opportunities available to the City, guiding investments to be maintained in the coming 12 months and the investment of new funds. The Strategy aims to accomplish a balanced and diversified portfolio in terms of investment products, credit ratings and term to maturity to ensure sufficient liquidity will be available as funds are required. The Strategy remains unchanged aside from some minor administrative adjustments as it presently meets liquidity requirements for Council's ongoing capital works program, the objectives for investment performance and continues to prudently manage credit risk.

The proposed Investment Policy and Strategy will continue to maintain an investment portfolio that is reasonably conservative; and comprise investments in institutions with high investment grade credit ratings that are all subject to APRA regulation, while at the same time allowing some flexibility for appropriate investment opportunities that enhance the City's financial returns.

## Recommendation

It is resolved that:

(A) Council adopt the revised Investment Policy and Investment Strategy as shown in Attachments A and B to the subject report

(B) authority be delegated to the Chief Executive Officer to make minor amendments to the Investment Policy and Investment Strategy to correct any drafting errors and finalise design, artwork and accessible formats for publication.

## Attachments

**Attachment A.** 2026/27 Investment Policy

**Attachment B.** 2026/27 Investment Strategy

## Background

1. The Investment Policy and Strategy are reviewed annually to ensure they remain relevant to prevailing market and legislative conditions. In situations where market volatility and uncertainty arise from changes in the economic, investment and legislative environments, the review may be brought forward for adoption by Council at an earlier date so that key changes can be made to the Policy and Strategy to deal with the respective market conditions.

2. The purpose of the Policy and Strategy is to ensure the investments are secure, satisfy Council's risk / return criteria and are compliant with the Local Government Act, as well as to optimise investment income from the short- and long-term investment of funds that are surplus to the City's present operational needs. As per the Policy the City invests in a term of 1 month to 5 years, with 81 per cent of the portfolio, including at call account, is due to mature in the coming year. The City's investment portfolio returns are comparable to those of cash-managed funds available in the market.

3. For comparison purposes, investment funds offered by TCorp were also considered. However, these funds are generally geared towards longer-term investment horizons. While they may deliver strong returns over the long term, performance can be highly volatile in the short term, with the potential for significantly lower-than-expected returns. Consequently, these options may not offer the level of stability and predictability required to support the City's overall investment objectives.

4. The City's investment portfolio remains conservative due to the robustness of the Australian domestic investment market under the supervision of the Australian Prudential Regulation Authority ('APRA') which extends across the full range of financial institutions. The City's current portfolio remains conservative with significant investment in AA-, but it is also more diversified, as it also includes APRA-regulated A+ to A rated bank investments together with a handful of investment-grade A- to BBB rated investments.

5. The Policy encourages investments in environmentally and socially responsible investments provided that they meet the risk and return requirements of other investments.

6. There are only minor administrative changes, proposed as part of this latest iteration of the Policy, including revising the language and formatting updates that were incorporated to the Policy. The changes do not change the overall intent of the Policy but clarifying the City's intent and simplify the administration of the policy. The main amendments include:

    - minor formatting and language updates in the Investment Policy and Investment Strategy

    - updating the actuals for the investment portfolio as at August 2026 in the Investment Strategy, under 'Composition of the City's investment portfolio' paragraph

    - updating the percentage as per actuals for August 2026 of APRA regulated Big Four Banks and Australian mid- tier banks in the Investment Strategy under 'Risk Profile'

- updating portfolio performance against benchmarks current and projected (2026 to 2027) graph as of August 2026 in the Investment Strategy

- updating Portfolio Benchmarks projected cash rate and earning (2026 to 2027) graph in the Investment Strategy.

7. Council's Investment Policy and Investment Strategy continue to permit and encourage environmental and Socially Responsible Investment (SRI) activity. The Ministerial Investment Order limits the range of financial institutions in which NSW councils can invest and prohibits many of the available socially responsible investment products.

8. The City has good relationships with its financial institutions and regularly meets to advocate for new investment products that will achieve our desire to increase our commitments to social and responsible investment. Green Tailored Deposits have been independently certified to meet the Climate Bonds Standard while not compromising the credit risk of the product. These deposits are associated with a defined pool of eligible assets which meet the Climate Bond Standard criteria including renewable energy, low carbon transport, low carbon intensity emitting buildings, waste and water products and are independently certified annually.

9. The key objectives of the current Investment Strategy remain valid for the present economic, investment and legislative environments. The Strategy remains unchanged, with some minor administrative updates to reflect current portfolio composition, performance and market conditions. It currently meets liquidity requirements for Council's ongoing capital works program, objectives for investment performance and continues to prudently manage credit risk.

10. The proposed Investment Policy and Strategy continue to satisfy the compliance requirements of the Ministerial Investment Order.

11. It should be noted that the Investment Strategy is a 'guiding principles' document. As market conditions change significantly and very quickly, the Strategy may need to be amended from time to time, in which case Council would be advised through the monthly Investment Report.

**Risks**

12. This investment approach is within the City's risk appetite, which states:

    (a) 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) We maintain a cautious appetite to financial risks, aiming to minimise the likelihood and impact of significant financial losses.

## Financial implications

13. There are no direct financial impacts arising from adoption of the revised Policy and Strategy. The Strategy is designed to maximise returns within legislative constraints while maintaining liquidity and capital protection.

## Relevant legislation

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

15. The Local Government Code of Accounting Practice and Financial Reporting states that Council must maintain an investment policy that complies with the Act and ensure it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing council funds.

**JEAN-MICHEL CARRIERE**

Executive Director Finance and Procurement

# Attachment A

## 2026/27 Investment Policy

# Investment Policy

## Purpose

The Investment Policy sets out the requirements for the management of the City of Sydney's ("the City's") cash and investment portfolio. The City requires that all investment activities be exercised with the care, diligence and skill of a prudent person, and not for speculative purposes.

The policy sets the framework to:

- safeguard the City's cash and investments portfolio
- achieve appropriate earnings on invested funds
- manage the City's cash resources to ensure sufficient liquidity to meet the City's business objectives over the long, medium and short term.

The policy reinforces the City's ongoing commitment to maintain a conservative portfolio that balances risk and return, an important component of its ongoing prudent financial management practices.

The Investment Strategy supports the policy by defining investment objectives and actions for the coming year.

- The City's financial policies are developed to ensure that the City satisfies legislative requirements and follows 'best practice' in its business operations, with due consideration for the effective and efficient management of resources.

## Scope

This policy applies to all managers and employees who actively manage the City's Cash and Investments or have responsibility for employees who actively manage the City's Cash and Investments.

## Definitions

The following definitions illustrate the structure of the City's investment portfolio and the relationship of the terms referred to in this policy.

| Term | Meaning |
|---|---|
| Authorised Deposit-taking Institution (ADI) | An institution that is authorised under Section 9 of the *Banking Act 1959* to carry on banking business in Australia in accordance with that Act and under the prudential supervision of the Australian Prudential Regulation Authority (APRA). |
| Amortised Cost | The amount at which the financial asset is measured at initial recognition, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount (i.e. discount or premium on acquisition). Any premium or discount on acquisition is amortised on a straight-line basis over the term of the investment. Where no premium or discount applies, amortised cost will reflect both acquisition and maturity amount of the financial asset. |

| Term | Meaning |
|---|---|
| Benchmark rates | Benchmark rates comprise:<br>• Bloomberg AusBond Bank Bill Index - The Bloomberg AusBond Bank Bill index is a widely used industry benchmark constructed to represent the performance of a passively managed short-term money market portfolio<br>• 30 Day Bank Bill Index – The 30 Bank Bill Index is designed to measure the performance of the Australian short-term money market. The index is based on the calculated monthly average of Bank Accepted Bills/Negotiable Certificates of Deposit, as issued by Reserve Bank of Australia (RBA). |
| Cash | Cash comprises:<br>• cheque and operational accounts<br>• daily call accounts<br>with Authorised Deposit-taking Institutions (ADIs).<br>Cash assets typically have a maturity term at the time of placement of being immediately available or available within 24 hours.<br>Cash assets are closely linked with investments but do not constitute investments. Cash is used to meet immediate operational cash needs. |
| Credit Ratings | Credit rating agencies assign letters to represent the risk of default and financial viability of the debt issuer, based on quantitative, qualitative, and contextual analyses. |
| Credit Rating Agencies (CRAs) | Credit rating agencies (CRAs) evaluate and rate the creditworthiness of debt securities and their issuers, including companies and countries. These agencies assign credit risk ratings to such entities based on quantitative and qualitative analyses. Ratings show the likelihood of a borrower to default or repay a loan with interest. Three agencies, Standard & Poor's, Moody's, and Fitch, control nearly the entire credit rating market. |
| Employees | For the purposes of this policy, all City of Sydney permanent (full-time and part-time), temporary and casual employees, together with agency contractors (labour hire), work experience students, apprentices and volunteers. |
| Grandfathered investments | Grandfathered investments are a part of total investments and comprise:<br>• investments where additional investment activity is prohibited by regulation; or<br>• other investments over which additional investment activity is temporarily prohibited due to unintentional breaches of investment thresholds and limitations arising from changes in the portfolio subsequent to the acquisition of the affected investments. |
| | |

| Term | Meaning |
|---|---|
| Investments | Investments comprise:<br>• term/tailored deposits (terminology varies by institution) bonds with an active secondary market with government (including NSW T-Corp and other government treasury bodies) and Authorised Deposit-taking Institutions (ADIs).<br>• Investment assets have maturities at the time of placement of 30 days or more. |
| Investment Periods | *Short-term*: those investments with less than 12 months to maturity date<br>*Long-term*: those investments with greater than 12 months to maturity date. |
| Impairment | The impairment of an investment represents the amount of the original cost of the investment that is not expected to be recovered at the investment's maturity date due to current adverse economic or investment conditions that impact on the investment's financial performance. |
| Cash and cash equivalents | Investment assets that have a maturity date of 90 days or less at the time of acquisition, including:<br>• cash<br>• call accounts<br>• term/tailored deposits<br>bonds with an active secondary market. |

## Policy Statement

The City's investment objective is to ensure funds that are surplus to the City's immediate requirements are invested within acceptable risk parameters to optimise interest income while ensuring the security of these funds and maintaining adequate liquidity to meet the City's operational requirements.

### Legislative authority for investments

All investments are to be made in accordance with:

- Australian Accounting Standards
- Office of Local Government Investment Circulars
- Office of Local Government Investment Policy Guidelines
- Local Government (General) Regulation 2021 – Clause 212
- Local Government Act 1993 (particularly section 625)
- Local Government Code of Accounting Practice & Financial Reporting
- Minister's Investment Order (gazetted)
- Trustee Act 1925 (NSW) (particularly sections 14A(2), 14C(1) and (2))

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### Investment governance and responsibilities

The following internal control practices are in place to ensure adequate governance and allow transparent and clear performance measurement for the management of the City's cash and investment portfolio:

- financial planning and cash-flow management
- delegated authorities and investment responsibilities
- classification of financial instruments and measurement of investment performance
- performance benchmarks
- investment criteria
- reporting and review
- audit oversight – internal/external.

These internal control practices are explained in more detail below.

**Financial planning and cash-flow management**

Funds that are surplus to the City's immediate cash requirements will be managed in accordance with the long, medium and short-term financial cash requirements of the City. Long term financial plans are developed to ensure the long-term financial sustainability of the City. These plans will incorporate forecasts of cash inflows and outflows to:

- estimate cash surpluses and shortages in future periods
- identify the longer- and medium-term investment horizon for surplus funds.

Shorter term financial plans are used to predict funds availability and monitor the City's cash management needs throughout the year. These cash flow models are monitored daily and monthly to facilitate informed investment decisions and to ensure that sufficient liquidity exists to satisfy City's financial commitments.

**Delegated authorities and investment responsibilities**

***Delegations***

Authority for the implementation of the Investment Policy is delegated by Council to the Chief Executive Officer in accordance with the *Local Government Act 1993.*

The Chief Executive Officer has also delegated authority to invest surplus funds to the following positions:

- Chief Operating Officer (COO)
- Executive Director Finance & Procurement
- other senior financial officers who have the requisite skills to undertake investment functions (as per the Delegations Register).

Officers with delegated authority are required to acknowledge they have received a copy of this policy and understand their obligations in this role.

***Investments***

The City's Financial Planning and Reporting unit prepares investment recommendations in accordance with this policy and the Investment Strategy. To achieve the best value for the City's investments, recommendations will consider:

- credit risk
- forecast cash requirements
- alternative investments with comparable risk
- liquidity and maturity profiles

A minimum of two price quotations of like or similar investments must be obtained for the acquisition of all market investments in order to verify the fairness of the purchase price. Two authorised signatories, with appropriate delegation limits, must approve each investment recommendation. Recommendations must be retained on file as a permanent record.

Any single investment exceeding $5M, or investments with maturity terms (or initial call dates) that exceed 5 years, require approval by any two of the CEO, COO, Executive Director Finance & Procurement, Financial Planning and Reporting Manager or Business Planning and Performance Manager. Where a recommendation consists of multiple investments, the amount and maturity of each investment must be considered separately.

### *Cash*

The City retains funds for daily operational payment needs in a combination of a corporate cheque account and/or daily call account/s. Transfers between these accounts are undertaken in order to ensure the cheque account has the appropriate level of funds to fulfil immediate payment obligations of the City and such transfers therefore do not constitute investments in the context of this Policy.

Delegated authority to enable transfers of call funds between the operational and call accounts is as follows:

The Chief Executive Officer has delegated authority to transfer call funds as follows:

- Chief Operating Officer (COO)
- Executive Director Finance & Procurement
- other senior financial officers who have the requisite skills to undertake investment functions (as per the Delegations Register).

Two authorised signatories, with appropriate delegation limits, must approve each call funds transfer recommendation. Recommendations must be retained on file as a permanent record.

Any single transfer of call funds exceeding $10M requires approval by any two of the CEO, COO, Executive Director Finance & Procurement, Financial Planning and Reporting Manager or Business Planning and Performance Manager.

### *Conflict of interest*

Officers shall not engage in activities that conflict with the proper execution and management of the City's investment portfolio. Any potential conflicts of interest should be appropriately disclosed in accordance with Council's Code of Conduct

### Classification of financial instruments and measurement of investment performance

At the City, the primary objective in the purchase of financial investments is to collect contractual cashflows (i.e. interest revenue) over the life of the investment, and redeem the principal sum at maturity, rather than to regularly trade to make a profit.

This constitutes a 'Held-to-Maturity business model'; one of three options described under AASB 9 – Financial Instruments. Under AASB 9, the classification and measurement of financial instruments is determined by an entity's business model.

Based upon the 'Held-to-Maturity' Model, all investments held by the City are carried at Amortised Cost. This classification requires any discounts or premiums paid on acquisition of investments to be amortised on a straight-line basis until the investment matures. Note that

discounts or premiums on acquisition are only applicable to Floating Rate Note products, and have not historically been common for the City.

Since AASB 9 replaced previous applicable standard AASB 139, periodic adjustments to 'Fair Value' are not required; valuations will still be received on a quarterly basis from investment advisors, but book values will not be adjusted. This approach is more reflective of the City's historical strategy of holding investments to maturity. Any temporary gains or losses on investment values have traditionally not been realised, and investment values have returned to face value at the time of maturity.

The limited investment types permitted under the Ministerial Investment Order are not typically considered to be susceptible to default. In the unlikely event of a financial institution default on an investment held by the City, an impairment entry shall be recognised, to reflect any reduction in expected recoverable amount of the investment Performance benchmarks.

Investment performance will be measured monthly against the chosen benchmarks in relation to both current month and 12-month rolling returns.

The City uses independently determined benchmarks. Where the City changes independently determined benchmarks, monthly reports for the month of change and the next five months thereafter shall contain reporting of investment returns against benchmark for both the following:

- the benchmark that is being replaced, and
- the new benchmark backdated on a twelve month basis.

The City currently uses two performance benchmarks:

- Bloomberg AusBond Bank Bill Index – provides a common benchmark against other councils so that the City's investment performance can be compared on an industry basis and against other portfolios with similar or different risk and reward profiles.
- 30 day Bank Bill Rate (sourced from the RBA) – provides a fair indicator of the risk free rate of return so that Council can understand the return that has been earned from diversifying its investment portfolio and accepting conservative levels of risk.

**Investment criteria**

This section sets out the criteria for investments to be considered for inclusion within the City's portfolio. In particular, it defines the mandatory investment criteria which all investments must satisfy.

Current investment regulations require councils to invest in NSW Treasury Corporation (NSW TCorp), or securities issued by or guaranteed by the Commonwealth, any state of the Commonwealth or a Territory. Investments are also permitted with Approved Deposit-taking Institutions (ADI) such as Australian banks or branches of foreign owned banks, credit unions and/or building societies as it acknowledges the additional assurance that arises from their regulation by the Australian Prudential Regulation Authority (APRA).

***Mandatory Criteria***

***Scope***

Investments must comply with the legislative authorities as described in the Legislative Authority for Investments section of this policy.

***Currency***

Investments must be denominated in Australian Dollars.

***Ownership***

Investments must be held in the City of Sydney's name.

***Term / Maturity***

The term to maturity of investments may not exceed a period of ten (10) years.

***Credit rating***

The following credit rating criteria apply to City investments:

- Investments must have a credit rating. The credit rating structure of the total portfolio must comply with the following table:

| Thresholds – Portfolio Percentage Limits | | |
|---|---|---|
| **Credit rating / Organisation** | **Direct investment products (as a % of Total Portfolio)** | **Exposure to a single institution (as a % of Total Portfolio)** |
| AAA to AA- | 100% | 33 ⅓ % |
| ADIs within either the ANZ, Commonwealth Bank, NAB or Westpac Banking Groups ('Big Four') | 100% | 33 ⅓ % |
| A+ to A | 60% | Maximum is the lesser of $100M or 5% of Net Equity as per the latest published annual financial statements |
| A- to BBB+ | 25% | Maximum is the lesser of $75M or 5% of Net Equity as per the latest published annual financial statements |
| BBB to BBB- | 10% | Maximum is the lesser $10M or 10% of the total portfolio |

- The above table reflects the long-term credit rating scale of S&P, which is the primary rating scale used by the City. Credit risk investment parameters are based on credit rating bands as published by the credit rating agencies (e.g. S&P, Moody's and Fitch). If an investment is rated by more than one ratings agency, the credit rating to be used will be based on the order of S&P, Moody's and then Fitch.
- Credit ratings apply to both products and institutions. However, this policy requires the rating applicable to the institution responsible for the product (e.g. guarantor) to be taken as the relevant rating given this represents the underlying risk to the City. Where

there is a disparity between the credit rating of the institution and an individual investment product, the lower of the two ratings is adopted in applying the requirements of this Policy.

- Credit ratings must be monitored regularly by Finance and Procurement Division staff to ensure ongoing compliance. Investments with credit ratings downgraded to an extent that they no longer comply will be divested as soon as practicable, in accordance with the grandfathering provisions of this policy.
- Where the principal amount and accrued interest of any investment with a financial institution are directly guaranteed by the Australian Federal Government for full repayment, the parameters in the table above may be exceeded as follows:
  - exposure to single institutions may exceed the stated limits provided that the excess amount comprises only guaranteed investments
  - exposure of the total portfolio to credit ratings lower than AA+ may be exceeded, provided that the excess amount comprises only guaranteed investments. As a result, investments directly guaranteed by the Australian Federal Government may comprise the total investment portfolio. Management should ensure that any excess of investments over the parameters specified in the table above that is comprised of Australian Federal Government guaranteed investments can be managed back to within the specified parameter levels prior to the expiration of any such guarantee.

***Portfolio liquidity parameters***

The portfolio liquidity parameters specify the maximum and minimum amounts or percentages of the City's total investment portfolio that can be held within the various investment maturity bands.

Minimum thresholds are set to ensure adequate liquidity in earlier maturity bands before funds are committed to longer term investments. The minimum thresholds are obviously higher in the shorter term where liquidity is of greater priority. The cumulative nature of the minimum threshold limits inherently generates corresponding maximum thresholds; that is, maximum amounts that can be invested in each maturity band while remaining compliant with the minimum threshold limits. The liquidity / maturity profile of the total portfolio must comply with the parameters shown in the tables below.

| | 1 month | up to 12 months | up to 3 Years | up to 5 Years | up to and greater than 5 Years |
|---|---|---|---|---|---|
| **Cumulative Minimum % of Total Portfolio** | 10% or $50M *(greater of)* | 40% | 55% | 90% | 100% |

*The following example illustrates the effect of the minimum threshold for a $700M investment portfolio size:*

| *Terms (time to maturity)* | *Parameter (minimum % cumulative)* | *Minimum Amount by category (Cumulative)* | *Maximum Amount by category* |
|---|---|---|---|
| *1 month* | *10%* | *70,000,000* | *700,000,000* |
| *Up to 12 months* | *40%* | *280,000,000* | *630,000,000* |
| *Up to 3 Years* | *55%* | *385,000,000* | *420,000,000* |
| *Up to 5 Years* | *90%* | *630,000,000* | *315,000,000* |
| *Up to and greater than 5 Years* | *100%* | *700,000,000* | *70,000,000* |

The following example demonstrates the relationship of the maximum and cumulative minimum thresholds. Before an investment can be considered for a particular maturity band, firstly the total portfolio must comply with the cumulative minimum thresholds and secondly, the investment should then not cause the maximum thresholds to be exceeded.

Example: an investment of 2 years duration is being considered. The following thresholds must be complied with:

- First, at least 40% (or $280M) of the total portfolio must have a maturity date of 12 months or less and 10% of the portfolio, in this case $70M, must have a maturity date of less than 1 month.
- Secondly, once the investment is added to the portfolio, the total amount of investments maturing between 1 to 3 years must not exceed 60% of the total portfolio (i.e. $420M).

The cumulative thresholds are primarily aimed at ensuring minimum liquidity requirements are always met while allowing an appropriate spread of investment maturity dates across the portfolio. Accordingly, if investment holdings of shorter-term investments exceed a minimum threshold for a maturity band, the excess may also be applied to the succeeding maturity band/s. For the example portfolio of $700M above, if 40% of the portfolio ($280M) or more has a maturity date of less than one month, the threshold level for investments of up to 12 months has also been met, and investments of greater than 12 months can be considered. Upon reinvestment, consideration must be given to ensuring that the minimum thresholds of the respective maturity bands are maintained as shorter-term investments mature.

The minimum requirement for very short term (30 days) access to investments is set at the greater of $50M or 10% of the portfolio balance to ensure adequate liquidity to meet the City's working capital requirements.

The City may utilise pre-approved overdraft facilities to manage short-term liquidity shortfalls where it is both prudent and financially advantageous. It is anticipated that this facility would be utilised to avoid penalties arising from early redemption of term deposits or where favourable investments arise a day or two ahead of the maturity dates of existing investments that are earmarked for future investment.

Overdrafts should be limited to no more than $10M and for a duration of no more than 2 weeks

***Breaches of criteria***

Procedures for dealing with unavoidable breaches of any thresholds are contained in the next section on grandfathering of investments.

***Grandfathering of Investments***

This policy imposes limits and thresholds in relation to the acquisition and holding of investments. However, situations may occur where inadvertent breaches of these limitations or thresholds arise, other than from the acquisition of investments. For example:

- amendments to regulatory directives or legislation
- changes in the total value or amount of the City's investment portfolio which consequently changes any of the threshold limits so that they no longer meet the portfolio liquidity parameters.

***Breach as a result of regulatory change***

When limitations or thresholds are breached due to amendments to regulatory directives or legislation, the investment portfolio must be managed in accordance with the respective amendments. Where the amendments enable retention and grandfathering of existing investments, the City may continue to actively manage those investments within the portfolio in accordance with all other regulations and policies applicable to such investments. This includes a strategy of holding or divesting such investments in accordance with regular investment considerations.

***Breach in order to meet operational requirements***

Where the limitation or threshold is breached for a one-month period, in situations where short term cash is needed for urgent operational use, the breach would be authorised and no further investing activities will be made beyond 30 days

***Breach as a result of change in total investment portfolio***

Where limitations or thresholds are breached due to a change in the overall size of the total investment portfolio, the following process will apply:

- An immediate freeze is imposed on the acquisition of new investments in greater than relevant category until the portfolio can be effectively managed back to accord with the requirements of this policy.
- The relevant category of investments must be managed back in accord with the policy limits within a period that takes into account any adversity created by market liquidity, current valuations of these investments and the risks of default.

The immediate forced sale of the investments in breach of the limits or thresholds will not be required.

**Reporting and Review**

The City will maintain a separate record of money it has invested under section 625 of the *Local Government Act 1993*, in accordance with the criteria defined by the *Local Government Code of Accounting Practice and Financial Reporting*.

Pursuant to the *Local Government (General) Regulation 2021* (clause 212), the City will provide a monthly report to Council on investments. The monthly report to Council will include:

- the total value of the portfolio
- a complete schedule of all investments within the total portfolio
- full disclosure of all investments by type, current credit rating and face value
- net investment income for the month (actual against budget)
- the weighted average investment returns for the current month and the last 12 months rolling period (actual against benchmark)
- informative commentary on portfolio compliance and performance, current economic investment environment, and any change to current strategy
- assurance that investments accord with the Act, regulations and Council's investment policy and strategy
- analysis of the portfolio's liquidity (maturity) profile
- analysis of the portfolio's risk profile (credit ratings)
- analysis of the portfolio's product diversification (investment types)
- cumulative performance over Bloomberg AusBond Bank Bill Index and 30 day Bank Bill Rate.

In accordance with the Local Government Code of Accounting Practice & Financial Reporting, the City will undertake an annual review of its Investment Policy and Investment Strategy.

If there are any significant changes to the Act, regulations, issued guidelines, or if the market changes to a degree that warrants an earlier examination, the Policy and/or Strategy will be reviewed and brought back to Council for its consideration

**Evaluation**

The policy is evaluated through the measured results incorporated in monthly reporting of investment performance to Council.

**Audit Oversight**

The City's external auditors will review City's investments as part of the Annual Financial Reports. This may include seeking independent certification from the relevant financial institutions (banks, fund managers, etc.) to confirm the balance of investments held on the City's behalf at the end of the financial year and testing the adequacy of internal control procedures.

The City's Internal Audit unit will also periodically review the adequacy of the Investment Policy, Strategy and management's internal controls as part of its audit review program.

## Investment Strategy

The City will prepare an annual Investment Strategy to guide the management of its surplus cash and investments within the requirements of this policy.

The Investment Strategy will document all key objectives relating to management of cash and investment assets over the short to medium term in the context of prevailing market conditions at the time. The strategy will:

- consider the City's current investment portfolio, its financial position and financial commitments, current legislative constraints and the global investment environment
- specify our investment goals and targets for the forthcoming year.

Mandatory components of the City's Investment Strategy will comprise the management of the following aspects of the investment portfolio:

- risk profile
- liquidity/maturity
- return/income
- environmentally and socially responsible investments

### Risk Profile

The investment approach is within the City's risk appetite which states:

- 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.
- We maintain a cautious appetite to financial risks, aiming to minimise the likelihood and impact of significant financial losses. We prioritise the protection of our financial resources and our long-term financial sustainability. We strive to ensure that our financial decisions are well informed, based on sound financial analysis and are aligned with our strategic objectives.
- We acknowledge that some financial risks may be necessary to achieve our goals, particularly when investing in new initiatives that align with our strategic objectives. We carefully evaluate financial options and risks and consider the potential impact on our financial position, cash flow, and overall stability
- We assess our capacity to absorb financial losses and maintain sufficient financial resources to mitigate the impact of most unexpected events.
- We have minimal appetite for operating deficits as our operating surpluses are the primary source of funds to renew our assets and our capital works program.
- We are committed to complying with all applicable laws, regulations and financial reporting standards.
- We have no appetite for financial losses arising from non-compliance with legal and regulatory requirements.
- We have no appetite for fraudulent or corrupt financial transactions

The City's risk profile in relation to investing surplus funds is prudent, conservative and risk averse. The profile will be achieved by effectively managing within the investment portfolio:

- the *diversity* of the investments
- the *creditworthiness* of the investments

*Diversity* is achieved by placing limits on the maximum exposure the City may have to individual:

- funds or financial institutions
- credit rating bands.

*Creditworthiness* of investments is primarily determined using long term industry standard credit ratings by Standard & Poors (S&P), Moody's or Fitch. The City will not invest in non-rated institutions.

**Liquidity/Maturity**

The cash requirements of the City will be satisfied by monitoring and structuring the total maturity profile of the investment portfolio in accordance with the Investment Policy.

**Return/Income**

Investment returns are closely correlated to the risk profile of the underlying investments. Appropriate benchmark rates of return will be set in relation to the risk profile and returns will be required to meet or exceed benchmark rates.

**Environmentally and socially responsible investments**

Subject to compliance with legislation and investment policy objectives and parameters, the City preferences investment securities and financial institutions that meet our socially responsible investments (SRI) criteria. SRI status may be in respect of the individual investment, the issuer of the investment, or both and should be endorsed by an accredited environmentally and socially responsible industry body or institution.

Environmentally and Socially Responsible Investments will be assessed on the same basis as other investment opportunities and the City will select the investment that best meets its overall investment selection criteria.

The City's criteria relating to an SRI are those which:

- direct investment towards the socially and environmentally **productive** activities listed below
- avoid investment in the socially and environmentally **harmful** activities listed below.

The criteria for SRI are all preferred and not mandatory requirements.

Environmentally **productive** activities are considered to be:

- resource efficiency-especially water and energy
- renewable energy
- production of environmentally friendly products
- recycling, and waste and emissions reduction

Socially **productive** activities are considered to be:

- fair trade and provision of a living wage
- human health and aged care
- equal opportunity employers, and those that support the values of communities, indigenous peoples and minorities
- provision of housing, especially affordable or social housing

Environmentally **harmful** activities are considered to be:

- production of pollutants, toxins and greenhouse gases (coal, oil and gas)
- habitat destruction, especially destruction of forests and marine eco-systems.
- nuclear power
- uranium mining

Socially **harmful** activities are considered to be:

- abuse of Human Rights and Labour Rights
- involvement in bribery/corruption
- production or supply of armaments
- manufacture of alcohol, tobacco or gambling products

The City will continue to advocate for the further development of SRI options through engagement with financial institutions.

## References

| **Laws and Standards** |
|---|
| • Australian Accounting Standards |
| • Office of Local Government – Local Government Code of Accounting Practice & Financial Reporting |
| • Office of Local Government Circulars |
| • Office of Local Government Investment Policy Guidelines |

| **Laws and Standards** |
|---|
| • Local Government (General) Regulation 2021 |
| • Local Government Act 1993 |
| • Minister's Investment Order (gazetted) |
| • Trustee Act 1925 (NSW) |

| **Policies and Procedures** |
|---|
| • Code of Conduct |
| • Disciplinary Procedure |
| • Investment Strategy |
| • Public Interest Disclosure Policy |

## Review period

This policy will be reviewed every year.

## Approval Status

The Council approved this policy on 17 November 2025.

## Approval History

| Stage | Date | Comment | TRIM Reference |
|---|---|---|---|
| Original Policy | 29 October 2018 | Approved by Council | 2019/018769 |
| Reviewed | 28 October 2019 | Approved by Council | 2019/604444, 2019/018769 (pdf) |
| Reviewed | 26 October 2020 | Approved by Council | 2020/483244 |
| Reviewed | 18 October 2021 | Approved by Council | 2020/483244 |
| Reviewed | 31 October 2022 | Approved by Council | 2020/483244 |
| Reviewed | 23 October 2023 | Approved by Council | 2020/483244 |
| Reviewed | 25 November 2024 | Approved by Council | 2020/483244 |
| Reviewed | 17 November 2025 | Approved by Council | 2020/483244 |

| Stage | Date | Comment | TRIM Reference |
|---|---|---|---|
| Commence Review Date | 17 February 2026 | | |
| Approval Due Date | 17 November 2026 | | |

## Ownership and approval

| Responsibility | Role |
|---|---|
| Author | Financial Planning and Reporting Manager |
| Owner | Executive Director Finance and Procurement |
| Endorser | City of Sydney Executive |
| Approver | City of Sydney Council |

# Attachment B

## 2026/27 Investment Strategy

# Investment Strategy

## Purpose

The annual Investment Strategy ("the Strategy") sets out the City of Sydney's ("the City's) investment goals and targets for the coming year. The aim of the Strategy is to guide the management of the City's investment portfolio to:

- achieve a balanced and diversified portfolio, in terms of allowable investment products, credit ratings and maturation terms that will outperform the benchmark indices
- ensure liquidity requirements are met for the City's operational and capital expenditure needs.

## Scope

The *Investment Strategy* applies to all managers and workers who actively manage the investment of surplus funds or have responsibility for workers who actively manage the investment of surplus funds.

This strategy should be read in conjunction with the *Investment Policy*.

## Context

The City's investment strategy is determined after taking into consideration a review of the following issues:

- global and domestic economic investment environments
- investment policy and legislative constraints
- current composition of Council's investment portfolio
- long, medium- and short-term financial plans.

## Global and domestic investment environments

The annual CPI inflation rate rose 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 means inflation is still above the RBA's target range of 2% to 3%.

~~Annual CPI inflation increased to 3.2% in the September 2025 quarter, up from 2.1% in the June quarter.~~ In response to the uptick in inflation, major financial institutions anticipate that the Reserve Bank of Australia (RBA) Monetary Policy Board will maintain the current cash rate at its November meeting. The RBA Board assessed that inflation is expected to remain above target for some time, with upside risks persisting, including pressures on inflation expectations. 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 is expected to adopt a measured and cautious approach, allowing inflation to move closer to the centre of its target range before contemplating any further rate cuts. However, both global and domestic economic conditions are likely to remain key determinants in shaping the Bank's policy decision.~~

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 ~~The RBA board lowered the cash rate by 25 basis points, to 3.60% on 12 August 2025. Note that financial institutions have reduced medium term deposit rates since the rate cut by the RBA in February 2025~~.

In Australia, a history of judicious regulation of the financial institutions by the Australian Prudential Regulation Authority (APRA) has meant that Australian based regulated financial institutions have already operated for an extended period under stringent capital adequacy and liquidity requirements. The City's investments all fall under APRA regulation with the result that the portfolio is conservative and secure.

**Legislative environment**

Council's investment opportunities are constrained by a combination of legislation, regulation and any directions and guidelines issued by the Minister or the Office of Local Government.

There has been no change to the investment legislative environment for several years and the most recent Ministerial Investment Order released in January 2011 continues to limit Council's investment options to:

- term deposits with Authorised Deposit-taking Institutions (ADIs)
- other ADI senior ranked securities
- investments with Australian government treasury bodies, including NSW Treasury Corporation (T-Corp)
- funds or securities issued or guaranteed by the Commonwealth or any State or Territory.

These guidelines were developed, in large part, as response to the Global Financial Crisis and its impact on the local government sector's investments. They effectively limit the City's investment profile to something similar to a cash managed fund, which generally produce lower returns but provide a high level of security. The City's returns from the investment portfolio remain in line with cash managed funds in the market.

**Composition of the City's investment portfolio**

The conservative nature of Council's Investment Strategy is clearly reflected in the structure of the portfolio, where 100% of the portfolio is invested with APRA-regulated ADIs.

Council's current portfolio is as follows (as at the end of August 2026~~5~~):

| Investment | Split |
|---|---|
| Big Four banks | 58~~74~~% |
| Australian mid-tier banks | 29~~15~~% |
| Foreign controlled Australian based ADIs | 13~~1~~% |
| **Total** | **100%** |

The allocation of assets within the portfolio is with very secure institutions. In the past year, the City has diversified the portfolio with further selected investment into the Australian mid- tier banks as they continue to reflect strength and stability.

**Investment strategy**

The City's investment portfolio will continue to be prudently managed in accordance with:

- the City's Investment Policy and related legislative and regulatory requirements,
- documented risk management procedures to preserve capital; and
- the City's operational and capital funding requirements.

**Objectives**

The City's investment strategy for the period is to maintain the highly secure profile of the portfolio, ensure adequate liquidity and deliver competitive investment returns commensurate with the portfolio structure.

As noted in the investment policy, the City's primary objective in the purchase of financial investments is to collect contractual cash flows (i.e. interest revenue) over the life of the investment, and redeem the principal sum at maturity, rather than to regularly trade to make a profit. This constitutes a 'Held-to-Maturity business model'; one of three options described under AASB 9 – Financial Instruments. Under AASB 9, the classification and measurement of financial instruments is determined by an entity's business model.

**Risk profile**

The risk profile for the City's investment portfolio is based on the principles of being prudent, conservative and risk averse. This is achieved by managing the diversity and creditworthiness of investments in accordance with the Investment Policy and other relevant requirements.

The City's capital funding requirements will continue to remain high over coming years, including the funding of an expansive capital works program, potential community and commercial property acquisitions and the purchase of land for future open space. As a result, the maturity profile of the investment portfolio has generally become more concentrated in the short and medium term rather than the longer term. The maturity profile of the investments is adequately spread over those periods to ensure that liquidity and maturity risks are also kept to a minimum. All of these investments are held with APRA regulated financial institutions so that credit risk likewise remains minimal.

The most favourable market for term deposits is often with the APRA regulated Big Four Banks and Australian mid- tier banks. Accordingly, investments with these banks comprise approximately 87~~9~~% of the City's total holdings at the time of writing and provide diversity within the portfolio.

**Liquidity / Maturity**

A significant portion of the City's cash and investments portfolio is held as internally restricted and externally restricted cash reserves to satisfy the City's legislative responsibilities and to set aside specific funds for the City's funding commitments to the major initiatives within the Delivering Sustainable Sydney 2030-2050 Community Strategic Plan.

To ensure the City has available funds to meet these commitments and its short-term operational and capital cash commitments, the following liquidity targets are set in accordance with the Investment Policy.

| Investment period | Cumulative Minimum % of total portfolio |
|---|---|
| 1 month | 10% or $50M *(the greater of)* |
| 2 to 12 months | 40% |
| 1 to 3 Years | 55% |
| 3 to 5 Years | 90% |
| > 5 Years | 100% |

The City's liquidity is monitored on a daily basis to ensure the City's cash requirements are met and that liquidity parameters remain within allowable limits set out in the *Investment Policy*.

**Return / Income**

The City uses the following benchmarks to measure investment performance, in relation to both current month and 12-month rolling returns, against its return/income objectives:

- Bloomberg AusBond Bank Bill Index
- 30 day Bank Bill Rate as published by the Reserve Bank of Australia

The City aims to achieve portfolio 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 in meeting the City's liquidity needs. This includes immediate operational and capital commitments as well as future years' capital commitments.

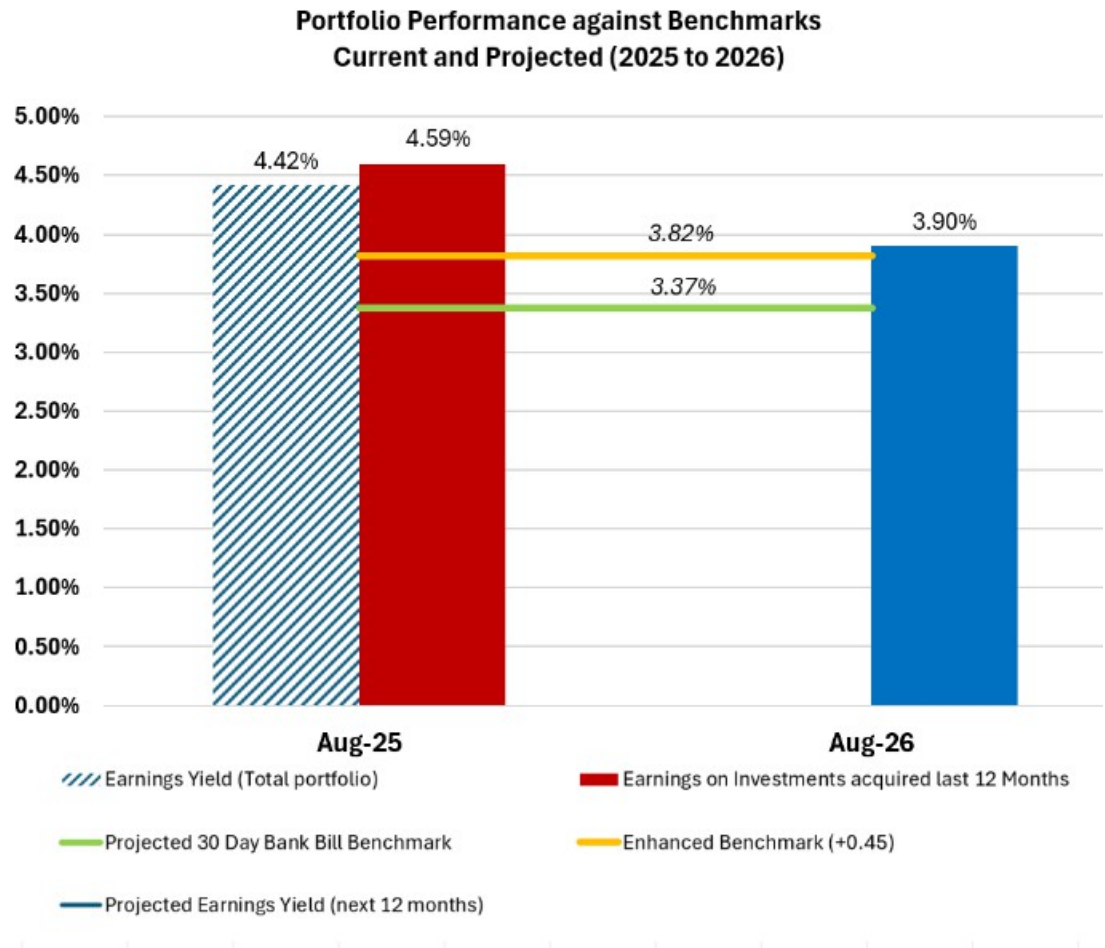
In addition, the City has utilised an additional strategic benchmark rate to measure its investment performance - exceeding the 30 day benchmark returns by at least 45 additional basis points (0.45% p.a.). The 45 basis point increase is based on observed historical average increased credit spreads (or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

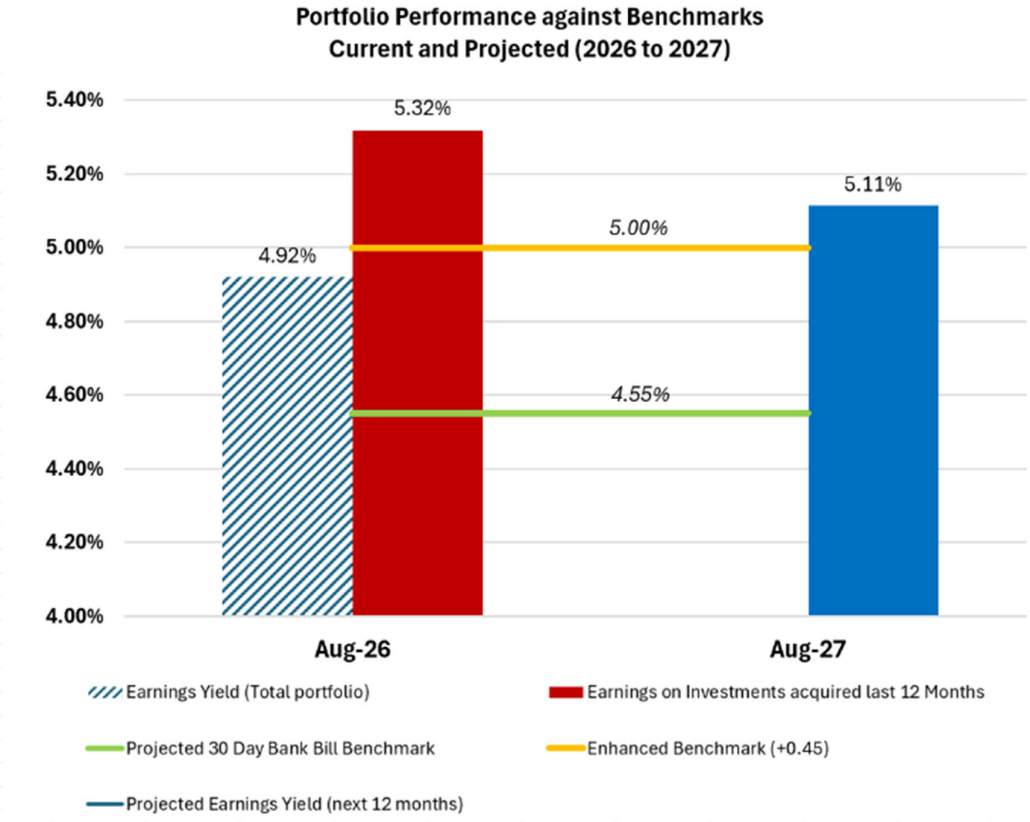
The City's returns from the investment portfolio are in line with cash managed funds in the market. As at August 2026~~5~~ around 81 per cent of the portfolio, including at call account, is due to mature in the coming year. ~~The City's investment portfolio returns are comparable to those of cash managed funds available in the market.~~

The following chart illustrates how earnings yields may potentially be impacted over the coming year as a result of the above factors. The chart assumes the re-investment of maturing deposits at prevailing rates at the time of writing.

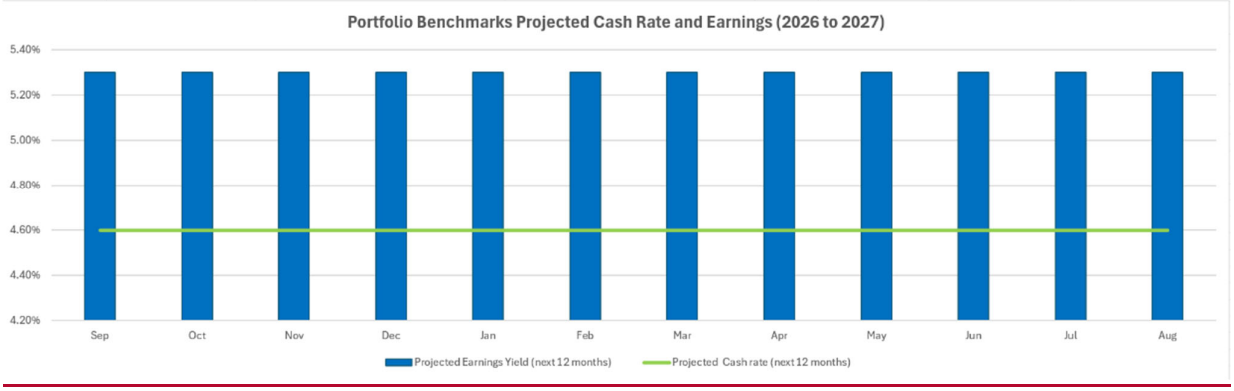
In response to sustained inflationary pressures, the Reserve Bank of Australia (RBA) increased the cash rate from 4.35% to 4.60% on 29 September 2026. Based on recent economic projections, the cash rate is not expected to decrease until late 2027, after which future rate cuts may be considered. Consequently, banks have been offering improved term deposit rates, providing more favourable returns for investors

~~Previous increases in official cash rates led to better rates of return. However, following the rate cut in February 2025, market rates have tightened, and banks have started lowering term deposit rates in anticipation of further cash rate cut from the Reserve Bank of Australia. This downward trend is expected to remain throughout the current financial year.~~


Portfolio Performance against Benchmarks
Current and Projected (2025 to 2026)
5.00%
4.50%
4.00%
3.50%
3.00%
2.50%
2.00%
1.50%
1.00%
0.50%
0.00%
4.42%
4.59%
3.82%
3.37%
3.90%
Aug-25
Aug-26
Earnings Yield (Total portfolio)
Earnings on Investments acquired last 12 Months
Projected 30 Day Bank Bill Benchmark
Enhanced Benchmark (+0.45)
Projected Earnings Yield (next 12 months)


Portfolio Performance against Benchmarks
Current and Projected (2026 to 2027)
5.40%
5.20%
5.00%
4.80%
4.60%
4.40%
4.20%
4.00%
4.92%
5.32%
5.00%
4.55%
5.11%
Aug-26
Aug-27
Earnings Yield (Total portfolio)
Earnings on Investments acquired last 12 Months
Projected 30 Day Bank Bill Benchmark
Enhanced Benchmark (+0.45)
Projected Earnings Yield (next 12 months)

This trend is anticipated to continue beyond the current financial year which is represented in the chart below. The ~~below chart~~chart below represents a correlation between the cash rate and projected earnings yield for the next 12 months.




### Environmentally and Socially Responsible Investments

The City's ability to acquire environmentally and socially responsible investments within the current investment and policy environment remains limited, as:

- the structure of many of these investments remains prohibited under the current Ministerial Investment Order; and
- excess demand for environmentally and socially responsible investments has reduced market rates of return on these products.

The City will, however, continue to explore opportunities for supporting environmentally and socially responsible investments within these constraints. 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. The City has continued to strive to acquire environmentally and socially responsible investments, but opportunities to invest further are constrained by market conditions, particularly the credit rating of investments and associated investment limits under the City's Investment Policy. The City will continue to encourage and give preference to these investments where they comply with the Ministerial Investment Order and satisfy Council's policy and investment objectives.

In an increasingly volatile world, it should be noted that the investment policy continues to contain provisions that encourage environmentally and socially responsible investments (SRI) and seek to avoid investments in environmentally and socially harmful activities.

## References

| | |
|---|---|
| **Laws and standards** | • Local Government Act 1993<br>• Local Government (General) Regulation 2021<br>• Ministerial Investment Order<br>• Local Government Code of Accounting Practice and Financial Reporting<br>• Australian Accounting Standards<br>• Office of Local Government Circulars |
| **Policies and procedures** | • Investment Policy |

## Approval

## Review

| Review period | Next review date | TRIM reference |
|---|---|---|
| The Code of Accounting Practice & Financial Reporting requires Council to undertake an annual review of its Investment Policy and Investment Strategy. | November 2026 | |

# Item 7.

## Land Classification - 542-544 George Street, Sydney

**File No: X073030.035**

## Summary

On 17 November 2025, Council resolved to acquire 542-544 George Street, Sydney, as part of the City's acquisitions to create the future square opposite Town Hall.

The Minister for Local Government granted approval for the City to compulsorily acquire the property on 23 February 2026.

On 11 September 2026, the City compulsorily acquired the freehold interest in 542-544 George Street, Sydney by way of publication of the approved acquistion notice in the NSW Government Gazette No. 372 ([NSWGG-2026-372-3]).

Under the Local Government Act 1993 (NSW), all Council-owned land must be classified as either community land or operational land. The community classification is intended to support the management of recreational open space and reserves. The Local Government Act 1993 (NSW) requires Council to classify land within 3 months of the date of acquisition.

The current use of the property includes commercial retail leases which requires the land to by classified as operational land up until the new square is delivered and operations are bedded in. On 17 November 2025, Council resolved to publicly notify for a minimum period of 28 days a proposed resolution to classify the land as operational.

The application of a community land classification to 542-544 George Street would be inconsistent with other City-owned land acquired and intended to form part of the future square at Town Hall. The operational land classification enables the City to manage these assets as work progresses towards delivery of the square and fulfil the City’s long-term objectives.

The proposed resolution to classify was publicly notified on Have Your Say for a period of 32 days from 11 September 2026 to 12 October 2026. No submissions were received.

This report recommends that Council resolve to classify the land as operational land. It is intended that the land would be converted to a community land classification in the future, once the new square is delivered and operations are bedded in.

## Recommendation

It is resolved that Council classify 542-544 George Street, Sydney (being the whole of the land contained in Lot 13 in Deposited Plan 80276) as operational land in accordance with section 31 of the Local Government Act 1993 (NSW).

## Attachments

Nil.

## Background

1. On 17 November 2025, Council resolved to acquire 542-544 George Street, Sydney, as part of the City's acquisitions to create the future square opposite Town Hall.

2. The Minister for Local Government granted approval for the City to compulsorily acquire the property on 23 February 2026.

3. On 11 September 2026, the City compulsorily acquired the freehold interest in 542-544 George Street, Sydney by way of publication of the approved acquistion notice in the NSW Government Gazette No. 372 ([NSWGG-2026-372-3]).

4. Under the Local Government Act 1993, all council-owned land must be classified as either community land or operational land within 3 months of the date of acquisition. Community classification is intended to support the management of recreational open space and reserves.

5. An application of a community land classification to 542-544 George Street, Sydney at this timewould be inconsistent with other City-owned land acquired and intended to form part of the future square at Town Hall.

6. The operational land classification enables the City to manage these income producing assets as we work towards delivery of the square and fulfil the City’s objectives.

7. On 17 November 2025, Council resolved to publicly notify a proposed resolution to classify the land as operational land and to publicly notify the proposed resolution for a minimum period of 28 days.

## Relevant legislation

8. The following sections of the Local Government Act 1993 (NSW) are relevant:

   (a) Section 25 requires all public land to be classified as either community or operational land.

   (b) Section 31(2) permits Council to resolve to classify land prior to acquisition or within three months following acquisition.

   (c) Section 34 requires the proposed resolution to classify land be publicly notified and made available for inspection by the public for a period of no less than 28 days.

## Critical dates / Time frames

9. The Local Government Act 1993 (NSW) requires Council to classify land within 3 months of the date of acquisition.

10. The City compulsorily acquired the freehold interest in 542-544 George Street, Sydney on 11 September 2026.

11. Classification is required by 11 December 2026.

## Public consultation

12. The proposed resolution was publicly notified via Sydney Your Say from 11 September 2026 to 12 October 2026.

13. No submissions were received.

**KIM WOODBURY**

Chief Operating Officer

Nicholas Male-Perkins, Commercial Manager

# Item 8.

## Tender - T-2025-1697 - Legal Services Panel

**File No: X125792**

**Tender No: T-2025-1697**

## Summary

This report provides details of the tenders received for the provision of legal services through the re-establishment of a legal services panel.

The City of Sydney Council (City) uses a hybrid model for legal support, with experienced in-house lawyers supplemented by external legal support to assist the City to deliver its services. The current legal services panel has seven areas of law to allow staff to call on external legal support in circumstances such as where in-house legal support is not appropriate, certain specialised legal expertise is needed or when additional resourcing is required.

The re-establishment of the legal services panel across the seven areas provides the City's internal legal, insurance, property, WHS and People & Culture staff with access to an approved panel of legal firms to deliver legal services within the nominated areas of law as and when required. Much of the City's legal work is done by in-house lawyers, but the panel is needed to provide additional support in relation to specialised areas of expertise including work health and safety, support in high volume work areas such as the preparation of leases, for occasions where additional resources are required or in circumstances where a potential conflict of interest arises.

This report recommends that Council accept the tender offers of Tenderers B, D, G, I, M, N, O, Q, R, S, V, W, X, Y, AA, AC and AD for appointment to the specified areas for the legal services panel listed in Confidential Attachment A. The identity and number of recommended tenderers vary across the different areas, reflecting requirements for different skills and experience, and to ensure adequate coverage of the City's requirements in the different areas of law.

## Recommendation

It is resolved that:

(A) Council accept the tender offers of Tenderers B, D, G, I, M, N, O, Q, R, S, V, W, X, Y, AA, AC and AD for the appointment to the legal services panel in the areas of law noted in Confidential Attachment A to the subject report, and at the rates set out in Confidential Attachment B to the subject report, for a period of 3 years, with the option to extend for a 3 year period and a further option to extend for 2 additional years, if appropriate

(B) authority be delegated to the Chief Executive Officer to finalise, execute and administer all contracts relating to the tender

(C) authority be delegated to the Chief Executive Officer to exercise the options referred to in (A), if appropriate

## Attachments

**Attachment A.** Tender evaluation summary (confidential)

**Attachment B.** Contract price and schedule of rates (confidential)

## Background

1. On 14 December 2020, Council resolved to appoint various legal service providers to a legal services panel across 7 specific areas. The appointment was for an initial 4-year term with the option of 2 further one-year extensions. The period of appointment to the current legal services panel is due to come to an end on 16 December 2026.

2. The continuation of a legal services panel allows the following teams access to a pre-approved panel of qualified law firms to deliver legal services within the nominated areas of law:

   (a) Legal and Governance (including insurance)

   (b) Property

   (c) Work Health and Safety (WHS)

   (d) People and Culture (P&C).

3. The nominated areas of law for the proposed legal services panel mirror the 7 areas on the existing panel, with the exception that two sub-panels have been created in the property area, to distinguish between property transactions and stream leasing, which better reflects the specific needs of the City in this area.

4. A large portion of the City's legal work is carried out by its in-house lawyers. The legal services panel allows staff to access additional support in circumstances including:

   (a) where specialist legal expertise is required

   (b) to support high volume work such as the preparation of leases

   (c) in circumstances where additional resources are required

   (d) in circumstances where a potential conflict of interest arises.

5. External law firms are engaged by the City in accordance with the specific delegations on an "as needs" basis. There is no requirement or commitment for the City to request a specific volume of services to any law firms appointed to any areas of law under the current or proposed legal services panel.

## Invitation to tender

6. The tender was advertised on 8 July 2026 on Tenderlink, and via Supply Nation and the NSW Indigenous Chamber of Commerce.

7. The tender closed on 19 August 2026.

## Tender submissions

8. Thirty-one submissions were received from the following organisations:

| Legal Name | Trading Name | ABN |
|---|---|---|
| A ABRAHAMS & Others | Lander & Rogers | 58 207 240 529 |
| N.A ACKROYD & Others | Holding Redlich | 15 364 527 724 |
| L AIKEN & D.J BEER & G.K BRENNAN & P DE HAAN & M.K DOUGLAS & D.G GASZNER & P.L LE GUAY & K.A LUKE & M.J O'DONNELL & L.A REYNOLDS & J.A SEEMANN CHARAK & L.J SMITH & P.L TANTI & A.A TEMBEL & S.D VOSS<br><br>note: tendered as L.P AIKEN & D.J BEER & T.D BOYCE & G.K BRENNAN & D.J CAMPBELL-WILLIAMS & P.N DE HAAN & M DOUGLAS & D.G GASZNER & M.D GEORGE & P.R GRINTER & J HOWARD & P.L LE GUAY & K.A LUKE & S.J LYONS & others.<br><br>Legal name change during evaluation period. | Thomsons | 21 442 367 363 |
| AMK LAW PTY LTD | AMK Law | 96 626 787 193 |
| M.R ANDERSON & J.S GILL & J GRAY | ClarkeKann | 92 990 809 254 |
| J.R ARKLAY & Others | McCullough Robertson | 42 721 345 951 |
| D.R BAIRD, B.M BALASUBRAMANIAN, G BONURA, P.J CRITTENDEN, T.M DANJOUX, A.C GORDON, R LACHMAN, J.H MARSDEN, T.C REEVE, A.J SETON, W.D THOMAS, J.R THORNTON, K WOLTHERS, B WONG, N YOUSSEF & J ALIM | Marsdens Law Group | 59 874 202 316 |
| Bartier Perry Pty Limited | | 30 124 690 053 |

| Legal Name | Trading Name | ABN |
|---|---|---|
| R.J BENNETT & A.W KNOX & R.M MC CULLOCH & J.R PALMER & R.J TASSELL & B WALTON & T.A WARD | Pikes & Verekers Lawyers | 77 357 538 421 |
| N.A BRAMLEY-MOORE & C.A DRAYTON & M GERATHY & A KOHN & N.S REGENER & S.J ROBERTS | Makinson d'Apice | 83 586 046 478 |
| C BROWN & Y CHEN & G DOWD & A.M FORSTER & S.L LEASK & S.P MORGAN & J O'KANE & E WOOLLEY | Hall & Wilcox | 58 041 376 985 |
| Clayton Utz | | 35 740 217 343 |
| ID Denham & Others<br><br>note: tendered as J Cooper & Others.<br><br>Legal name change during evaluation period. | Moray & Agnew | 76 486 092 631 |
| DWF Law Australia Pty Ltd | DWF (Australia) | 48 630 454 134 |
| ESM United Pty Ltd | WeDo Legal | 91 667 839 170 |
| G J VALLELY AND OTHERS | HFW Australia | 43 482 198 170 |
| JL2 Systems Pty Limited | JL2 Legal | 63 632 827 582 |
| JSP LEGAL PTY LTD | | 78 691 098 245 |
| K&L GATES | | 81 310 965 026 |
| Maddocks | | 63 478 951 337 |
| MASSONS COMMERCIAL PROPERTY LAW PTY LTD | | 36 611 998 764 |
| McCabes Lawyers Pty Ltd | McCabes Lawyers | 89 626 085 685 |

| Legal Name | Trading Name | ABN |
|---|---|---|
| McCulloch & Buggy Pty Limited | McCulloch & Buggy Lawyers | 94 136 832 294 |
| McInnes Wilson Lawyers Pty Ltd | McInnes Wilson Lawyers | 30 1372 130 15 |
| NORTON ROSE FULBRIGHT AUSTRALIA | Norton Rose Fulbright | 32 720 868 049 |
| RANKIN ELLISON LAWYERS PTY LTD | Rankin Ellison Lawyers | 63 136 438 063 |
| Samaras Lawyers Pty Ltd | Samaras Lawyers | 59 145 697 614 |
| THOMPSON COOPER LAWYERS PTY LTD | | 82 100 186 123 |
| CE WILKINSON & AS WHITE & OTHERS<br><br>note: tendered as RM HASSALL & AS WHITE & OTHERS.<br><br>Legal name change during evaluation period. | Sparke Helmore | 78 848 387 938 |
| Wotton Kearney Pty Ltd | Wotton Kearney | 94 632 932 131 |
| YIMBA PTY LTD | YIMBA Legal & Consulting | 59 633 773 207 |

9. No late submissions were received.

## Tender evaluation

10. All members of the Tender evaluation panel have signed conflict of interest declarations. No conflicts of interest were noted.

11. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.

12. All submissions were assessed in accordance with the approved evaluation criteria being:

| **Evaluation criteria** | **Evaluation weightings %** |
|---|---|
| Schedule of Rates (refer to Confidential Attachment B) | 30% |
| Demonstrated experience and expertise of the law firm in carrying out services of a similar size and nature for each nominated area of law | 20% |
| Demonstrated experience and expertise of the proposed staff in carrying out services of a similar size and nature for each nominated area of law | 20% |
| Proposed methodology for providing the services, including but not limited to:<br>• demonstrated ability to deliver quality outcomes for clients<br>• proposed allocation of staff to matters<br>• approach to using technology and providing legal/operational support. | 20% |
| Approach to developing and maintaining a relationship with the City and demonstrated approach to assisting the City deliver its strategic objectives, including suitable demonstration of Modern Slavery management. | 10% |
| Material acceptance of the City's standard form contract (Standing Offer Deed) | Mandatory (Y/N) |
| Acceptable proposed form of Agreement | Mandatory (Y/N) |
| Financial and commercial trading integrity including insurances | Mandatory (Y/N) |

## Performance measurement

13. All law firms appointed to the legal services panel will be required to sign a standing offer deed, which will govern the terms of the appointment to the nominated areas of law, and will set out the performance obligations of the law firms with respect to the services being provided.

14. The decision to extend the term of the legal services panel will be at the City's sole discretion. Further there is no guarantee that any of the appointed law firms will receive any amount of work as a result of being appointed to the nominated area of law under the legal panel.

15. Law firms appointed to the legal services panel who are engaged by the City on legal matters will be assessed annually against all key performance measures in accordance with the contract. These performance measures include budget management and cost control, regular reporting, continuous improvement through efficiencies and technological innovation, and compliance with requirements relating to the approval and use of artificial intelligence tools, including associated billing arrangements.

## Risks

16. The City's Risk Appetite Statement sets out the amount of risk that the City is willing to take in order to achieve our strategic goals, while ensuring the protection of our assets, reputation and the wellbeing of our employees and community. The legal services panel is crucial in ensuring we achieve one of our primary objectives in managing risk being to ensure compliance with applicable laws, regulations and standards.

17. The City's risk appetite statement acknowledges that we will tolerate litigation risks in certain circumstances and that we encourage consideration of expert and professional legal advice when making significant decisions. The panel established by this tender is essential to meeting these outcomes.

## Financial implications

18. There are sufficient funds allocated for this service within the current year's operating budget and future years' forward estimates.

## Relevant legislation

19. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2021 and the City’s Procurement and Contract Management Policy.

20. 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.

21. 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.

22. 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

23. The current legal services panel comes to an end on 16 December 2026.

## Options

24. A greater proportion of legal services could be provided wholly internally by internal staff at a substantial increase in the number of staff, with ad-hoc requests for tender or requests for quote processes being undertaken for each individual engagement of an external law firm. This option is not recommended due to the varied nature of the legal work required by the City. For example, part of the leasing work can be routine or repetitive, making continued engagements more efficient, whereas some engagements involve a niche area of law or may require immediate involvement from a firm. It would not be possible to maintain staff with all areas of legal expertise and capacity required by the nature of the City's operations in house at all times. The establishment of the panel enables efficient allocation and appointment of appropriate external resources where this is required due to specialisation or other matters.

## Public consultation

25. No public consultation was required for this tender.

**KIRSTEN MORRIN**

General Counsel, Executive Director Legal and Governance

Esther Nelson, Principal Lawyer, Legal Services

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