Public Exhibition - Integrated Planning and Reporting Program and Budget 2026/27

File No: X127618

Summary

The Integrated Planning and Reporting framework for NSW local government requires the City to demonstrate that its plans and objectives are appropriately resourced and can be achieved as it delivers functions and services, maintains its assets, and remains financially sustainable over the long term.

Council adopted Sustainable Sydney 2030-2050 Continuing the Vision on 27 June 2022 which continues our vision for a more sustainable future. The City incorporated this vision into the Integrated Planning and Reporting framework and developed a suite of documents to support the key directions, targets and major objectives within the Community Strategic Plan Delivering Sustainable Sydney 2030-2050. The community strategic plan was refreshed in 2025.

The draft Operational Plan 2026/27 provides an annual instalment of the City's Delivery Program 2025-2029 and identifies the specific plans and activities to be undertaken during the forthcoming year to achieve the deliverable outcomes. It also contains the draft operating budget, capital budget and revenue policy including the proposed rates, waste and stormwater charges along with the other proposed user fees and charges for the year.

The draft Resourcing Strategy 2026 supports the activities outlined in the delivery program. It comprises a long-term financial plan, a people (workforce) strategy, asset management planning including an asset management strategy and policy and a community asset management plan and an information and technology strategy. An updated community engagement strategy, including the community participation plan, is also included within the resourcing strategy, articulating the City’s objectives and approach to community engagement. The resourcing strategy demonstrates the City’s commitment and capacity to deliver the strategic outcomes in a planned manner to ensure the long-term financial sustainability of the Council.

The approved general rate increase of 5.6% for 2026/27 is primarily comprised of core rate peg of 2.9% and a population growth factor of 2.7%. While this increase was aligned with CPI at the time of its determination, it is no longer reflective of the City’s current cost environment.

It is important to note that the City, like all councils across New South Wales, continues to face ongoing financial pressures that impact long-term financial sustainability. Local government rates remain councils’ largest source of recurring income, and under the NSW rate peg framework, annual rate increases have been delegated by the Minister for Local Government for determination by the Independent Pricing and Regulatory Tribunal (IPART).

The long-term financial plan identifies the City's key income and expenditure items, the underlying assumptions that underpin our financial modelling, and the anticipated financial risks to the City in relation to these items.

This report recommends that this suite of integrated planning and reporting documents is endorsed for exhibition and comment by the public, in accordance with the requirements of the Local Government Act 1993.

Recommendation

It is resolved that:

(A) Council endorse the suite of integrated planning and reporting documents for public exhibition for a period of 28 days, including:

  (i) the draft Operational Plan 2026/27 as shown at Attachment A to the subject report; and

  (ii) the draft Resourcing Strategy 2026 as shown at Attachment B to the subject report;

(B) Council endorse the draft operating and capital budget, and future years' forward estimates, as reflected in the Operational Plan 2026/27 and draft Resourcing Strategy 2026 including:

  (i) Operating income of $776.4M, operating expenditure before depreciation of $671.1M for an operating result of $105.3M, and a net result of $95.7M after allowing for interest, depreciation and capital contributions;

  (ii) Capital works expenditure of $265.2M and a capital works contingency of $8.0M;

  (iii) Plant and assets net expenditure of $18.0M;

  (iv) Capital works (Technology and digital services) of $25.5M; and

  (v) Net property divestments of $46.4M;

(C) Council endorse the draft rates, domestic waste management charges, stormwater charges and user fees and charges discussed within the subject report and included within the draft Operational Plan 2026/27; and

(D) authority be delegated to the Chief Executive Officer to make minor amendments for clarity or correction of drafting errors, and to finalise design, artwork and accessible formats for publication prior to exhibition.

Attachments

Attachment A. Draft Operational Plan 2026/27

Attachment B. Draft Resourcing Strategy 2026

Background

1. The Integrated Planning and Reporting framework requires a number of strategic planning and resourcing documents, with alignment to the term of the elected council. The requirements include a long-term community strategic plan (at least 10 years), a delivery program for the term of the council (generally 4 years), and a detailed operational plan that will set out Council's projects and activities for the coming 12 months.

2. These documents are underpinned by a resourcing strategy including a long-term financial plan, asset management planning including an asset management strategy and policy and a community asset management plan, workforce (people) strategy and an information and communication technology strategy, to demonstrate that Council has adequate resources to achieve the planned outcomes while ensuring the council's long-term sustainability for the community and stakeholders.

3. Council adopted Sustainable Sydney 2030-2050 Continuing the Vision on 27 June 2022 which continues our vision for a more sustainable future, along with our Community Strategic Plan Delivering Sustainable Sydney 2030-2050 which guides the development and planning for the City of Sydney local government area. The Community Strategic Plan was refreshed in 2025. It builds on the work undertaken thus far to realise Sustainable Sydney 2030, responds to relevant global trends and policy frameworks, encapsulates our communities' values and aspirations and is underpinned by research and analysis of data. As the highest-level plan within the Integrated Planning and Reporting Framework, it provides the mechanism for the implementation of the vision for our city.

4. Staff have reviewed the progress of the current operational plan together with the objectives of the Delivery Program 2025-2029 to develop the projects and programs for the draft 2026/27 Operational Plan in line with Council adopted strategies and priorities.

5. The draft Operational Plan 2026/27 identifies the actions and activities planned for the next financial year, together with a range of indicators that will measure progress towards delivery of the City's outcomes. The draft operational plan also incorporates the City's proposed statement of revenue policy for rates and annual charges, the fees and charges schedule, and other relevant budgetary information.

6. The draft long term financial plan outlines the City’s key income and expenditure categories, and the risks and opportunities that influence its capacity to deliver services. It updates the previous plan, confirms the City’s current financial position, and sets out strategies to maintain sustainable operating surpluses to support major capital works, along with measures to monitor financial performance and sustainability.

7. The long term financial plan includes a “base case” scenario based on the City’s best estimate of revenue and expenditure. It assumes a rate peg of 5.6% for 2026/27, with future rate increases aligned to forecast population growth.

8. Two other scenarios have been modelled to test the impact on the City's financial position. These are:

   (a) Sustained high inflation over the early years of the plan, then decreasing and returning to the Reserve Bank of Australia's inflation target range, driving an underlying increase in the expenditure base.

   (b) Conservative estimates of income from developer contributions resulting from uncertainty of future development cycles and the ownership of income flows.

9. The City’s asset management planning strives to maintain sustainable management of its assets. As shown in the 2024/25 Financial Statements, the City is responsible for the care and control of assets (including land) valued at $18.2 billion. Improvements are being made to the way these assets are managed through the collection of more accurate data and the application of stronger planning practices. At the same time, service levels and risks are balanced to ensure that public funds are used responsibly. This is a long-term program of work that will continue to develop over time.

10. The City's workforce strategy referred to as the people strategy, has been updated to reflect the key workforce metrics and outlines the strategic directions for our workforce development.

11. The information and technology strategy outlines the major information and technology initiatives and goals and was refreshed this year to reflect current trend and opportunities, including appropriate implementation of AI technologies. Note that the IPR guidelines do not include this strategy as a required component.

12. The updated community engagement strategy incorporates the community participation plan required by the Environmental Planning and Assessment Act. This means that the City's guiding documents on consultation and engagement are available to the community in one place. The relevant sections constituting the community participation plan, including notification requirements, are clearly identified in the strategy.

13. Minor amendments have been made to the community engagement strategy and minor edits were also made to the community participation plan.

Financial Implications

14. The proposed 2026/27 budget projects an operating result, prior to interest income, depreciation, capital project related costs and capital contributions, of $105.3M.

15. Operating Income is budgeted at $776.4M with key components described in this report, and full details provided in the operational plan and the long-term financial plan.

16. The real growth of the City's own sources of income, including general rates, are critical to enable our continued provision of quality services, facilities and infrastructure, and underpin our long term financial sustainability.

17. The Independent Pricing and Regulatory Tribunal (IPART) determined that the City of Sydney's general income may increase by a maximum 5.6% rate in 2026/27.

18. For the 2026/27 year, the following components have been endorsed for the City:
Core rate peg of 2.9%
Population growth factor is 2.7%
resulting in a total allowed rate peg increase of 5.6%.

19. The rates and annual charges include the following key elements:

    (a) rates will be based upon the 1 July 2025 unimproved land valuations as supplied by the Valuer General of NSW;

    (b) rates will comprise a cent in the dollar (ad valorem) rate, based on the unimproved valuations of the residential and business properties, subject to the application of a minimum rate contribution;

        (i) Residential - Ordinary rate - the City proposes to continue a single residential category of rateable land;

        (ii) Business - Ordinary rate - the City proposes to adopt a business ordinary rate; and

        (iii) Business – CBD (Central Business District) rate - a business subcategory rate for rateable land in the central business district as a centre of activity, as shown in the map contained within the draft operational plan 2026/27

    (c) the proposed rates for the 2026/27 rating year are:

Category/Subcategory	**Minimum Rate ($)**	**Ad valorem** **(rate in the dollar)**
Residential - Ordinary Rate	$ 734.80	0.00101133
Business - Ordinary Rate	$ 940.30	0.00306662
Business subcategory - CBD Rate	$ 940.30	0.00740613

20. The City continues to review its rating models each year to improve the fair and equitable distribution of the rates burden for all of our ratepayers. In a high density local government area, that has experienced significant population increase and the NSW Government forecasts ongoing increases, the City is investigating the best way to equitably align its rating structure to service this growth.

21. The Local Government Act 1993 requires councils to fully recover the cost of domestic waste management services. This budget proposes a pricing scheme formulated on a base domestic waste charge for each bin size, with a further flat surcharge applied for each additional weekly collection. This pricing methodology makes provision for properties requiring more waste collection to contribute a higher charge to reflect the level of service received, which satisfies the intent of the legislation as well as Council's desire to improve residential waste management.

22. Domestic waste management charges reflect the availability of the service, and the volume and collection frequency for general household waste. These charges are proposed to increase on average by 4.0% in 2026/27. This reflects increased waste operating costs. The City is maintaining its commitment to increased waste education and to provide funding for investigation into a long-term solution for the treatment of nonrecyclable waste, to minimise the use of landfill. A new 'limited' domestic waste service charge is being introduced for land with residential dwellings that do not utilise the City of Sydney's general waste bin (red bin) component of its domestic waste management service.

23. Annual charges include a stormwater charge as allowed by the Office of Local Government. The charges remain at $25 per residential property, $12.50 per residential strata unit, and a pro rata rate of $25 for every 350m2 or part thereof for business properties. The funds raised from this charge are quarantined to improve the quality and quantity management of the City's stormwater network, over and above the existing works currently undertaken. Works envisioned include significant remediation where required, and the investigation and design of opportunities to enhance stormwater catchment for harvesting and re-use.

24. The City will continue its existing pensioner policy which provides all eligible pensioners a 100% rebate on their rates, domestic waste and stormwater charges.

25. The Statement of Revenue Policy outlines the circumstances under which fees may be waived or reduced, including hardship provisions. A full schedule of proposed user fees and charges for 2026/27 is included in the draft Operational Plan. Fees have been set in accordance with Council's Pricing Policy, which considers community service obligations, cost of service provision, whether services are provided on a commercial basis, and users' capacity to pay.

26. Interest income is budgeted to be $35.2M, reflecting future forecast interest rates, the expected opening cash balances, and the anticipated cash utilisation for the planned capital program and property divestments.

27. Capital grants and contributions are projected at $94.0M.

28. Total operating expenditure is budgeted at $671.1M with a number of key components as described below, and further detail provided within the long-term financial plan.

29. Salary and wages related expenditure totals $340.3M, which provides for 100 per cent of permanent staffing (establishment) which are anticipated to be approximately 2,100 full time equivalent (FTE) as at July 2026. The budget also includes an adjustment for an award increase, agency hire costs, training, workers compensation and other employee related expenses. Note that at the time of writing the final amount of the 2026/27 award increase is still not confirmed, presenting an ongoing financial risk to the City's plans.

30. The vast majority of the City's $330.9M non-salary related operational expenditure has not changed substantially, as it represents the ongoing business and service requirements of Council and its community, adjusted for relevant cost increases.

31. Further details on all operational expenditure items and underlying cost assumptions are provided in the attached long-term financial plan.

32. For 2026/27 operational contingencies of $3.0M are proposed. These provisions cater for unforeseen circumstances and events that arise after the adoption of the budget. The utilisation of these contingent provisions are reported back to Council in each quarterly review of the City's financial and operational performance.

33. For 2026/27 the contingencies include:

    (a) General contingency of $1.5M; and

    (b) CEO contingency of $1.5M.

34. The draft capital works budget within the long-term financial plan identifies projects over $5M, asset enhancement and renewal rolling programs over the course of the 10 year planning horizon.

35. The proposed capital works program for 2026/27 totals $265.2M with a capital works contingency of $8.0M. It includes asset enhancement programs of $94.8M and rolling capital renewal programs of $170.4M. These programs are set out in the long-term financial plan financial schedules, including a list of the forecast amount and timing for all projects with total budgets greater than $5.0M.

36. The capital works program enables the continued delivery of major projects while ensuring the City's existing assets are properly maintained and renewed. It supports Council's responsibility to manage its assets in a way that meets community expectations and ensures their long-term sustainability. The program is aligned with the City's long-term financial parameters and reflects Council's capacity to fund capital works sustainably each year.

37. The draft plant and assets budget provides for acquisitions of $19.0M with disposal proceeds of $1.0M, resulting in a net cost of $18.0M. The plant and asset budget includes the annual vehicle and plant replacement program net ($4.7M), library books and resources ($0.8M), information technology equipment replacement ($2.6M), plant equipment and furniture and fittings purchases ($8.7M).

38. The proposed budget also includes funds for the ongoing development and delivery of the capital component of the information technology and digital services project portfolio of $25.5M, as we continue to improve our digital service offering to our community in line with the strategic plan.

39. In April 2026, Council approved its new grants policy and guidelines. The new guidelines set out a round of funding programs that are aligned with the 4 strategic pillars: Social and Community, Creative, Economic and Environmental. 2026/27 budget allocations have been adjusted in line with the new program structure and with the total grants budget of $15 million a year. To calculate the new allocations, the following was considered:

    (a) Commitment to funding for Homelessness, Food support and overall support for Social and community grants

    (b) Redistribution of the Festivals and events and Innovation and ideas program funding across the four strategic pillars based on historical funding allocations

    (c) Commitment to the new cultural strategy funding programs

    (d) Ensuring current and future demand can be considered whilst ensuring Social and community funding is protected and

    (e) The broader budget amounts will allow the new grants programs to be responsive and flexible to the demands from the community.

40. In 2026/27, the Council has made an in-principle commitment to support a partnership between Police Citizens Youth Clubs NSW Ltd and Bridge Housing Limited to build a recreation centre at 638 Elizabeth Street, Redfern, this commitment is covered by an AdHoc funding amount of $5 million.

41. 2026/27 will be the last year of commitment to the Haymarket strategy funding programs: Haymarket activation ($200,000 per year) and Dixon Street Improvement ($400,000 per year).

Reserves

42. The long-term financial plan incorporates the City's cash reserves, including all the external restrictions required by legislation to quarantine funds raised for specific purposes, including developer contributions, security deposits, and domestic waste and stormwater charges. It also incorporates internal restrictions where Council has resolved to set specific funding aside for employee leave entitlements, asset replacement, and significant strategic commitments such as the Supported Accommodation Affordable and Diverse Housing Fund. The amounts in these reserves is reported to Council as part of the quarterly reporting process.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

43. The attached strategic documents meet the needs of our diverse community and are based on the significant engagement program conducted over recent years.

Organisational Impact

44. The operational plan and resourcing strategy actions will be implemented during the 2026/27 financial year. The organisation's resources will be aligned to the priorities identified for the 10 years, four-year and one-year periods of those plans.

Risks

45. This 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 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.

Social / Cultural / Community

46. The community strategic plan represents the communities' aspirations for the future of the city, aims to achieve an equitable and inclusive city, where people can prosper and reach their full potential. It also aims to strengthen resilience in our community by making stronger the networks and connections that bind people and organisations together.

47. The operational plan and resourcing strategy support the achievement of the desired social, cultural, economic and environmental outcomes contained within the community strategic plan.

Relevant Legislation

48. Section 8B of the Local Government Act 1993 sets out the principles of sound financial management that apply to councils. Section 8C sets out the integrated planning and reporting principles that apply to councils. Section 406 requires council to comply with the integrated planning and reporting guidelines established by the Executive of the Office of Local Government. Council must comply with these requirements when preparing a draft community strategic plan, the underlying delivery program and operational plans and strategies with respect to the council's activities.

Critical Dates / Time Frames

49. Section 405 of the Local Government Act 1993 requires that councils must adopt an Operational Plan, including a statement of the council's revenue policy for the year covered by the operational plan before the beginning of each year.

50. Council is required to place the proposed new documents related to the Integrated Planning and Reporting legislation on public exhibition for 28 days. The Local Government Act 1993 requires the draft budget, and revenue pricing policy for rates, annual charges and fees be incorporated within that exhibition and consultation process.

Options

51. Council has the option to vary budget allocations, rates and fees and charges prior to, and after the 28-day exhibition period, prior to final approval.

Public Consultation

52. This suite of Integrated Planning and Reporting documents reflects the vast amount of public consultation and engagement undertaken with the City's community and other interested stakeholders in developing the original Sustainable Sydney 2030 Vision.

53. A comprehensive engagement program was undertaken from late 2018, through 2019, and detailed in a report to Council in December 2019 including reports from numerous engagement activities which are all available on the City of Sydney website. Information from ongoing engagement with communities on major strategies and projects throughout 2020 to 2022, including a survey of residents and businesses in 2020 on the impacts of the Covid pandemic, informed the finalisation of Sustainable Sydney 2030-2050 Continuing the Vision and the Community Strategic Plan Delivering Sustainable Sydney 2030-2050 in 2022.

54. A Community Insights Report analysed more than 13,500 pieces of community feedback across 27 key consultation projects between 2022 and 2024 to understand and confirm if community values and priorities have changed.

55. This report, presented to council in 2025 bought together what we heard from the community during our extensive community engagement program over the prior 2 years. The outcomes from that engagement helped inform the refresh of the community strategic plan in 2025 and in turn, the objectives in the underlying delivery program and operational plan.

56. Council is required to exhibit the draft Operational Plan 2026/27, including its revenue policy and budgets for 28 days. The City elects to exhibit all of the draft resourcing strategy at the same time even though it is not a legislative requirement for all components to be exhibited.

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