

Item 3.

2024/25 Quarter 4 Review – Delivery Program 2022-2026

File No: X101909

Summary

This report reviews the operating and capital results against budget for the 2024/25 financial year, and progress against the performance measures identified within the Operational Plan 2024/25, within the broader Delivery Program 2022-2026.

Council's financial performance at Quarter 4 2024/25 reflects a full year Operating Result of \$116.1M against a budget of \$119.1M. After allowing for interest income, capital grants and contributions, depreciation and capital project related costs, Council has achieved a Net Operating Result of \$137.9M against a budget of \$115.4M. The favourable variance is predominantly due to non-cash items.

Key variances are outlined within the body of this report, with detailed financial information provided in Attachment A.

Capital Works expenditure was \$213.3M against a full year budget of \$267.7M. A summary of the 2024/25 capital project expenditure is outlined within the body of this report, and detailed at Attachment B.

Technology and Digital Services Capital Works expenditure for the full year for projects developed internally was \$17.3M against a budget of \$27.4M.

Plant and Equipment expenditure, net of disposals, was \$21.2M against the annual budget of \$31.2M.

Net Property Acquisitions totalled \$67.9M for the year.

These interim financial results are subject to finalisation as part of the preparation of the annual financial statements, which will undergo external audit. Any material adjustments will be highlighted in the report accompanying the audited financial statements, scheduled for presentation to Council in October 2025.

Progress against the Delivery Program performance measures is generally satisfactory, with full details provided in Attachment C, and a number of operational achievements are highlighted within the body of this report.

Reports which contain supplementary information are provided at Attachment D.

Additional details on the cost summary of Notices of Motion, Lord Mayoral Minutes and Councillor Amendments are provided in Attachment E.

Recommendation

It is resolved that Council:

- (A) note the interim financial performance of Council for the 2024/25 year, including a Operating Result (before depreciation, interest income, capital related costs and capital grants and contributions) of \$116.1M and Net Operating Result of \$137.9M as outlined in the subject report and summarised in Attachment A to the subject report;
- (B) note the full year Capital Works expenditure of \$213.3M, approve the proposed revote of \$27.0M and adjustments to future years forward estimates, to increase the adopted 2025/26 budget to \$309.9M including \$8.0M of contingency to progress the planned capital works, as shown in Attachment B to the subject report;
- (C) note the Technology and Digital Services Capital Works expenditure of \$17.3M, and approve the proposed revote of \$4.0M and other adjustments to increase the adopted 2025/26 adopted budget to \$25.9M as shown in Attachment B to the subject report;
- (D) note the full year Plant and Equipment expenditure of \$21.2M, net of disposals, and approve the proposed revote of \$9.0M, to increase the adopted 2025/26 net budget to \$32.3M as shown in Attachment B in the subject report;
- (E) note the full year net Property Acquisitions of \$67.9M;
- (F) note the operational performance indicators and quarter and full year achievements against the Delivery Program 2022-2026 objectives, as detailed in Attachment C to the subject report;
- (G) note the supplementary reports, which detail fee-waived and discounted community facility hire for 2024/25, and quick response, street banner and venue hire support grants and sponsorships, major legal issues, international travel, and contracts over \$50,000 within the quarter, as detailed in Attachment D to the subject report; and
- (H) note the information in Attachment E, which outlines the Notices of Motion, Lord Mayoral Minutes and Councillor Amendments Cost summary.

Attachments

- Attachment A.** Financial Results Summary
- Attachment B.** Capital Expenditure Financial Results
- Attachment C.** Delivery Program 2022- 2026 June 2025 Progress Report
- Attachment D.** Fourth Quarter Supplementary Report 2024/25
- Attachment E.** Notice of Motion, Lord Mayoral Minutes and Councillor Amendments Cost Summary

Background

1. The City's Resourcing Strategy 2024 and the 2024/25 Operational Plan, including the 2024/25 budgets, were adopted by Council on 24 June 2024. The Local Government Act 1993 requires quarterly progress reports against the financial objectives and 6-monthly progress reports against the Operational Plan aligned with the Delivery Program.
2. This report provides the fourth quarter (Q4) and full year financial results for the 2024/25 financial year, and the achievement against the Delivery Program and Operational Plan activities including a number of operational highlights that occurred in Q4.
3. A Q4 Financial Results Summary, together with a detailed breakdown of income and expenditure items, and a separate report showing operating results by the principal activities identified within the Operational Plan, are provided at Attachment A.
4. The Capital Expenditure results for the full year, together with a summary of project expenditure including significant variances and proposed budget adjustments for 2024/25 and future years, are at Attachment B.
5. A Quarter 4 progress report against the operational performance measures identified within the 2022-2026 Delivery Program is provided within Attachment C.
6. Additional reports which contain supplementary information are also provided at Attachment D for information.
7. Additional details on the cost summary of Notices of Motion, Lord Mayoral Minutes and Councillor Amendments are provided in Attachment E

2024/25 Operating Budget

8. The adopted 2024/25 budget projected operating income of \$716.4M and operating expenditure of \$597.3M, for an Operating Result of \$119.1M. After allowing for interest income of \$34.3M, capital grants and contributions of \$95.0M, depreciation a budgeted Net Operating Result for the year of \$115.4M.

Fourth Quarter Operating Results

9. The interim Q4 operating result was \$116.1M against a budget of \$119.1M, an unfavourable variance of (\$3.0M). After allowing for interest income, capital grants and contributions, depreciation, capital project related costs, loss on sale of assets and a gain on properties, the City achieved a Net Operating Result for the quarter of \$137.9M against a budget of \$115.4M, a favourable variance of \$22.5M.
10. The Net Operating Result includes favourable variances in other operating expenditure of \$18.3M, interest income of \$5.4M, capital grants and contributions of \$16.3M and a gain on properties of \$26.4M. Partially offset by unfavourable variances in operating income of \$4.0M, employee benefits and on-costs of \$17.3M, depreciation expense of \$3.1M, capital project related costs of \$14.7M, and a Loss on Sale of Assets of \$4.9M.

11. The primary operating income variations to the budget are detailed in the table below:

Income Type	2024/25 Full Year Budget Variance Favourable/ (Unfavourable)	Comment
Advertising Income	(\$1.8M)	The street furniture advertising contract only met its minimum revenue guarantee.
Commercial Property	(\$3.4M)	Occupancy of lettable space was lower than anticipated. Furthermore, an external review of the QVB management fee, conducted in accordance with the ground lease effective 1 January 2023, resulted in an increase to the fee, which is included in the profit share arrangement, thereby reducing overall income.
Enforcement Income	\$1.3M	The face value of individual infringements increased by approximately 9% compared to the budget which included a 3.25% increase on 2023/24. The face values of infringements are externally set. Note the overall infringements numbers were lower than anticipated in the budget.
Operating Grants and Contributions	(\$1.8M)	Financial Assistance Grants - The budget was prepared on the assumption that the full annual grant would be received, consistent with prior years. However, only 50% of the expected funds were received, with the remainder to be received in 2025/26.
Other Building Fees	(\$2.5M)	Deferral of hoarding fee revenue received in advance, resulting from a change in accounting treatment after the 2024/25 budget was finalised.
Other Income	\$6.8M	Income from agreed deferred payment fee due to the delayed settlement of Fig and Wattle property divestment.

Income Type	2024/25 Full Year Budget Variance Favourable/ (Unfavourable)	Comment
Parking Meter Income	(\$4.3M)	Unfavourable variance reflects 4.2% lower transaction volumes than assumed in the budget.
Private Work Income	\$1.6M	Several major construction activities along Pitt Street, Bathurst Street, and Castlereagh Street contributed to the additional income. However, this was partially offset by an increase in infrastructure maintenance expenses.
Rates and Annual Charges	\$1.6M	Higher domestic waste revenue driven by additional residential services.

12. The primary operating expenditure variances to the budget are detailed in the table below:

Expenditure Type	2024/25 Full Year Budget Variance Favourable/ (Unfavourable)	Comment
Employee benefits and on-costs	(\$17.3M)	Higher than expected reliance on agency staff to cover critical vacancies was offset by savings from unfilled positions. Additional cost pressures included the short-term engagement of specialist agency resources for specific project work, reduced labour capitalisation, and year-end adjustments to employee leave entitlements due to changes in long term bond rates, along with actuarial adjustments to workers compensation insurance provisions.
Consultancies	\$2.1M	Lower reliance on consultants than budgeted for across the organisation.
Enforcement & Infringement Costs	\$1.3M	Actual Infringement levels were lower than anticipated in the budget.

Expenditure Type	2024/25 Full Year Budget Variance Favourable/ (Unfavourable)	Comment
Event Related Expenditure	\$2.0M	Savings across events such as Sydney Lunar Festival, Christmas, Art & About and Sydney Streets events and Banner installation.
Grants, sponsorship and donations	\$4.0M	The underspend was primarily driven by the timing of the affordable housing grant contracts and associated payments. Within the Accommodation Grants Program (AGP), grant payments were lower than budgeted due to unplanned property vacancies and the transition of some properties to in-house management.
Infrastructure Maintenance	\$1.2M	A range of small variances occurred across the organisation, including additional private works (as noted above) and delays in delivering stormwater asset condition assessments.
Legal Fees	\$1.0M	Lower than anticipated levels of work referred to external legal providers and litigation costs lower than anticipated.
Other Operating Expenditure	\$1.7M	A range of small variances across the organisation.
Property Related Expenditure	(\$1.7M)	The increase was largely attributable to the lift in activity of reactive and preventative property maintenance.
Utilities	\$1.1M	Reflects lower than budgeted gas consumption across multiple assets, driven in part by the ongoing transition from gas to electricity.

13. The main variances which adjust the operating result to the net result are detailed in the table below:

Type	2024/25 Full Year Budget Variance Favourable/ (Unfavourable)	Comment
Interest Income	\$5.4M	Higher opening cash balance and higher interest rates have favourably impacted the YTD balance, interest rates have and are anticipated to further fall in the remainder of the year.
Capital Grants and Contributions (Cash)	(\$14.0M)	Developer contributions were below budget expectations, reflecting the inherent difficulty in accurately forecasting the timing of these receipts.
Capital Grants - Works in Kind (non cash)	\$30.3M	Recognition of assets received as part of developments were higher than anticipated. It is worth noting that income received for our developer contributions plans, is not new funds, in that both plans continue to recoup the City's previous expenditure as we forward funded infrastructure and facilities in preparation for the coming development. The right to receive Works in Kind contributions and land dedications are recognised for significant developments across the council area, however the timing of delivery or receipt of these contributions is contingent on development progress.
Depreciation	(\$3.1M)	Provisional depreciation amount, subject to final asset commissioning at year-end.
Capital Project Related Costs	\$14.7M	Reflects the timing of expenditure on works that cannot be capitalised (e.g. Software as a Service product, temporary works, Utilities, demolition costs and NSW Government owned traffic signals).

Type	2024/25 Full Year Budget Variance Favourable/ (Unfavourable)	Comment
Loss on Sale of Asset	(\$4.9M)	This primarily reflects the accounting loss recorded from the sale of 5–17 Norman Street, which was designated for affordable housing.
Gain on Properties	\$26.4M	An external revaluation of the investment property portfolio was conducted, resulting in a 5% increase in overall value.

Additional Commentary on the Q4 Operating Result

14. While some individual units reported unfavourable results, four divisions exceeded their annual operating result budgets for 2024/25. A summary of these outcomes is provided in Attachment A
15. The Corporate Cost division serves as the central budget holder for rates income, vacancy allowances, contingencies, and the general component of financial assistance grants. The reported unfavourable variance is primarily due to the budgeting approach, where anticipated vacancy savings are allocated to Corporate, while actual savings are realised within individual divisions. Additionally, the variance is impacted by increased provisioning for workers compensation insurance following a recent actuarial review, and a reduction in financial assistance grants as previously noted.
16. The unfavourable result for the Chief Operations Office is primarily due to lower-than-expected occupancy of lettable space and the adjustment to the QVB management fee, as outlined above.
17. The unfavourable variance in City Services is primarily due to lower-than-expected parking meter revenue and a reduction in the road's component of financial assistance grants.
18. The unfavourable result for City Planning Development & Transport is primarily due to the deferral of hoarding fee revenue received in advance, as outlined above.

Capital Expenditure

19. The Capital Works program achieved expenditure of \$213.3M against a full year budget of \$267.7M.
20. Several significant projects were completed in 2024/25 such as Pyrmont Community Centre, Woolloomooloo Playground, James Watkinson Reserve, Wilcox Mofflin - Heating and Cooling upgrades and Arthur Street reserve.

21. Given the work in progress, a further \$27.0M of unspent funds at year end are required to be carried forward and revoted in addition to the capital works program adopted as part of the 2025/26 Operational Plan in June. Revoting these funds will retain the adopted total project budget for these projects and ensure adequate funding to continue the capital works projects during 2025/26 and into future years.
22. A final review of the program has been completed, incorporating the adopted budget, updated revotes, and current project timelines. It is recommended that an additional \$6.2M be brought forward from future years' forward estimates, resulting in a revised 2025/26 capital works budget of \$309.9M, which includes an \$8.0M contingency.
23. A financial summary of the 2024/25 Capital Works program, including the funds carried forward, a revised 2025/26 budget and future years' forward estimates, and a status report on all active capital projects exceeding \$5.0M in value is provided in Attachment B.
24. Significant variances for a number of the 2024/25 capital projects and program budgets are listed and explained at Attachment B.
25. The Plant and Assets expenditure incurred during the year, net of disposals, was \$21.2M against a budget of \$31.2M. The underspend predominately reflected plant and assets which could not be delivered within the year. It is proposed to revote an additional \$9.0M, to increase the adopted 2025/26 net budget to \$32.3M as shown in Attachment B.
26. Technology and Digital Services capital works expenditure was \$17.3M against a budget of \$27.4M. The proposed revote of \$4.0M of funds, and other adjustments totalling (\$2.1M), will increase the adopted 2025/26 TDS capital budget to \$25.9M as shown in Attachment B.
27. The full-year expenditure for net property acquisitions is \$67.9M, which exceeds the budget by \$39.9M is attributable to the timing of the purchase in O'Riordan St for new open space which occurred earlier than anticipated in the City's approved long term financial plan.

Operational Highlights

28. During this quarter the operational highlights included:
 - (a) The City's International Student Leadership and Ambassador (ISLA) program was developed in 2013 to address challenges faced by international students. In 2024/25, 83 participants completed the program. With the City's support and mentorship they planned and delivered 5 events for international students, attracting close to 200 attendees. These events aimed to build skills and knowledge in areas such as employability, health and wellbeing, environmental sustainability, financial literacy and Australian sports. Program participants contributed over 3,000 volunteer hours to their educational institutions and the broader community. The 2025/26 ISLA program opened for applications on 1 April 2025.

- (b) CityTalk: “The nature and climate crisis - what Australia does matters!” was held in Sydney Town Hall on 2 April 2025. It featured former Executive Secretary of the UN Framework Convention on Climate Change, Christiana Figueres in conversation with human rights barrister, Jennifer Robinson. They discussed the new frontlines of climate action and unpack the levers of change for tackling the challenging years ahead.
- (c) The Pyrmont community centre was officially reopened on 5 April 2025. The centre will host new fitness and wellbeing programs including Move for All Fitness Classes – designed for older demographic; Pilates, and; Power Hour Fitness - a high-intensity group fitness session.
- (d) On 12 April 2025 the City gave away 1,000 small, medium and large native and exotic trees to residents to plant and bring the health and cooling benefits of trees to more parts of the local area. Species available included weeping bottlebrush, heath banksia, red flowering gum, lemon myrtle, Chinese hibiscus, silk and lemon trees.
- (e) Youth Week was held from 9 – 17 April 2025, celebrating young people aged 12 to 24. The theme this year was ‘I am We are the future and the future is now!’ recognising young people as current and future leaders and community contributors. This year, 22 young people from the City’s Youth opportunities program led the co-design and delivery of the Youth Week in the City program, supported by City of Sydney staff. The wider Youth Week program included a ceremony for the Betty Makin Youth Awards at Redfern Town Hall, zine and 3D printing workshops at Darling Square Library, and free casual basketball for young people at Perry Park recreation centre, Alexandria.
- (f) A free open day was held at Perry Park Recreation Centre on 13 April 2025. The community was invited to enjoy and participate in a variety of sports both inside the centre and on the synthetic field. Teaming up with local sporting clubs such as the City of Sydney Basketball Association, Roller Fit, ProVolley Academy and Play Pickle, the event offered casual sessions in pickleball, roller skating, basketball, volleyball and badminton and for the first time, touch football and soccer games were introduced on the synthetic field. Over 500 visitors took part in the activities.
- (g) On 25 April 2025 (Anzac Day) the Coloured Diggers March was held to honour the service and sacrifice of Aboriginal and Torres Strait Islander veterans. The event commenced with a Smoking ceremony, followed by flag raising and Yidaki performance at Redfern Community Centre and march from Redfern Community Centre to Redfern Park where a wreath laying took place. A performance of “The Coloured Digger” poem by John Paul Young honoured Indigenous soldiers like Private Harold West and George Leonard, who fought – and died – along the Kokoda Trail.

- (h) For over 20 years the City has contributed to the annual Australian Heritage Festival, presented by the National Trust. This year's festival theme was Unearthed, revealing the past, bringing to light lesser-known histories and stories, and unearthing knowledge to empower younger generations as custodians of culture and tradition. The festival ran from 18 April to 18 May 2025. The City presented workshops at Darling Square Library where participants were guided on how to access historical images from the City Archives and selected images featuring Sydney landmarks, tile work, stained glass and stone masonry before creating a piece of custom laser cut jewellery. The City's Historian presented a talk about the inspiring life of Lilian Fowler, who made history when she was elected Australia's first female mayor in 1938, serving on Newtown Council for 20 years.
- (i) The 19th Counterpoint Volunteer Awards took place at Alexandria Town Hall, celebrating the outstanding contributions of volunteers from across Waterloo and Redfern. Held as part of National Volunteer Week (20–26 May 2025), the event highlighted the vital role of over 6.5 million Australians who generously give their time — contributing an estimated \$17.3 billion to the national economy each year. The City provided \$2,600 in cash funding to Counterpoint Community Services through the Festival and events sponsorship grant program to host the Awards ceremony where over 100 awards were presented recognising local leaders.
- (j) On 5 June 2025, the City Connect initiative was honoured with the Customer Experience of the Year Award at the 2025 Local Government Professionals Australia, NSW, Excellence Awards. City Connect was designed and implemented to enhance community access to services, boost customer satisfaction, and streamline digital interactions across the City.
- (k) On 14 June 2025, the City hosted Redfern Waterloo Pet Day in partnership with the Cat Protection Society of NSW, RSPCA NSW and Counterpoint Community Services. The event attracted over 600 residents and 331 companion animals including 242 dogs, 84 cats, 4 rabbits, and 1 bird. Over 100 vets, vet students and volunteers contributed their time, providing free pet health checks and services to pet owners. Pet health services provided at the event included: free vaccinations, free microchipping, and free desexing bookings. Staff from the University of Sydney's School of Veterinary Science were available to assist owners with referrals for follow-up treatment through the 'Animals in Need Fund' which provides life-saving care to animals whose owners cannot afford essential treatment.
- (l) Restoration of Sydney's Chinatown Ceremonial gates is now complete, renewing a cultural landmark that has stood on Dixon Street since 1980. The restoration was carried out using authentic materials and techniques, and included replacing concrete lion statues with granite figures, replacing glazed ceramic roof tiles, adding eight phoenix icons and replacing eight of the original dragon panels, restoring etched marble panels; and restoring and repainting concrete and timber structures. The Gates were gifted back to the community in a ceremony on 14 June 2025.

- (m) The launch of our Stretch Reconciliation Action Plan 2025-2028 helped mark National Reconciliation Week (27 May to 3 June 2025) and this year's theme, Bridging Now to Next, which calls on all Australians to look ahead and continue the push forward as past lessons guide us. Local Elder and activist Aunty Bronwyn Penrith and co-chair of the Aboriginal and Torres Strait Islander Advisory Panel, La Toya Pinner spoke at the launch. Traditional singer, yidaki master and poet Gumaroy, with his group Yulugi, performed as did Barayagal, a community choir led by acclaimed musician Kaleena Briggs.
- (n) Refugee Week was held from 15-21 June 2025, including World Refugee Day which is 20 June each year. This year's theme was "Finding Freedom: Diversity in Community". Refugee Week promotes greater awareness of refugees, the issues they face, and the contributions refugees are making to the Australian community. Events included a screening of the critically acclaimed Sudanese film Goodbye Julia on Thursday 19 June 2025 at the State Library of NSW, and refugee ambassadors speaking at events held at Ron Williams Community Centre (18 June 2025), Pyrmont Community Centre (20 June 2025) and Reginald Murphy Community Centre in Potts Point (20 June 2025).

Financial Implications

- 29. At Quarter 4, the Operating Result was \$116.1M, an unfavourable variance of \$3.0M. against budget, while the Net Operating Result was \$137.9M, or \$22.5M ahead of budget.
- 30. The City's ledger cash balance of \$765.0M is projected to be utilised over the life of the long term financial plan to deliver and maintain the City's strategies, services, assets and infrastructure on behalf of its community.
- 31. The City's ledger cash balance is \$765M. The total investment and cash position in the Investments as at June 2025 report is \$762.2M. A reconciliation between these amounts is provided within the Investments report.
- 32. It should be noted that this total cash balance includes approximately \$76.2M received from developers in May and June 2025, related to the City of Sydney Affordable Housing contributions program. These funds are held as externally restricted cash and investments, pending distribution to Community Housing Providers, scheduled for the first quarter of the 2025/26 financial year. After allowing for these contributions, the City's 'underlying' total Investment and Cash position was \$685.9M at the end of June 2025 which is slightly lower than the Quarter 3 year end forecast cash balance of \$687M.
- 33. As part of the year-end review, changes were made to cash restrictions. Around \$76.2M from developers for Affordable Housing are now classified as externally restricted, as it will be passed on to Community Housing Providers early in 2025/26. This reflects a shift in treatment due to the unusually high receipts.

34. Internally, an additional \$76.0M has been restricted for the Green Square Reserve, aligning with updated project costs. This includes future park construction at 22 O’Riordan Street and a revised estimate for the Mandible Street Sports Precinct. A full review identified in the order of \$160.0M in remaining expenditure for the Green Square Urban Renewal Area. While some funding is expected from future developer contributions, slower receipts and a fully expended contributions plan have made it prudent to increase the restricted balance to ensure program completion.

Risks

35. 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 positive operating results are the primary source of funds to renew our assets and our capital works program.

Relevant Legislation

36. The Local Government Act 1993 and Local Government (General) Regulation 2021 require quarterly progress reports against the financial objectives and regular reports (at least six monthly) against the Operational Plan.
37. Section 406 of the Act requires councils to comply with the Integrated Planning and Reporting Guidelines, issued by the Chief Executive of the Office of Local Government.

Critical Dates / Time Frames

38. The information contained within this report reflects Council's financial performance in the current financial year.

Public Consultation

39. There is no requirement for public consultation for this report.

JEAN-MICHEL CARRIERE

Executive Director Finance and Procurement