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**in** Property Council of Australia

21 March 2025

Mr Daniel Suh  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
Haymarket Post Shop NSW 1240

Via email: [ipart@ipart.nsw.gov.au](mailto:ipart@ipart.nsw.gov.au)

Dear Mr Suh,

We welcome the opportunity to provide feedback on the Independent Pricing and Regulatory Tribunal's (IPART) review of North Sydney Council's Special Variation (SV) and Minimum Rate proposal.

As Australia's peak representative of the property and construction industry, the Property Council's members are the nation's major investors, owners, managers, developers, designers and builders of property of all asset classes. Many of our members own and develop property across the North Sydney local government area (LGA).

North Sydney Council has applied for a permanent increase in rates income for the period from FY 2025-26 to FY 2026-27 (inclusive) of 87.05 per cent, which will remain in perpetuity after the initial two-year period. In FY 2025-26, the minimum residential rate will increase to \$1,200 and the minimum business rate will increase to \$1,400. The proposed changes also incorporate the current Infrastructure Levy, Environmental Levy, Crows Nest Mainstreet Levy, and Neutral Bay Mainstreet Levy into the ordinary rates.

We have serious concerns about the significant financial burden the proposed rate increase would place on current and future projects. With Sydney Metro bringing renewed vibrancy to North Sydney, it is essential that we foster an environment that supports ongoing investment, development and economic growth. A rate hike of this magnitude threatens to undo the positive momentum that has been built in recent years, potentially halting the very projects driving the area's renewal.

The permanent nature of the proposed SV will result in Council being in a favourable financial position over 10 years, with a forecast operating performance ratio of 18.9 per cent,<sup>1</sup> which well exceeds the Office of Local Government's (OLG) benchmarks for financial performance.<sup>2</sup> The

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<sup>1</sup> North Sydney Council 2025, *Long-Term Financial Plan 2025-2035*, accessed 18 March 2025, <[https://www.ipart.nsw.gov.au/sites/default/files/cm9\\_documents/North-Sydney-Council-Attachment-Other-Attachment-Attachment-1-Long-Term-Financial-Plan-2025-2035.PDF](https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/North-Sydney-Council-Attachment-Other-Attachment-Attachment-1-Long-Term-Financial-Plan-2025-2035.PDF)>, p. 32.

<sup>2</sup> Office of Local Government 2025, *Finances – Your Council NSW*, NSW Government, accessed 18 March 2025, <<https://www.yourcouncil.nsw.gov.au/nsw-overview/finances/>>.

rationale for a permanent solution has not been sufficiently articulated or justified in the Council's Integrated Planning and Reporting documents submitted with the application.

While the Property Council recognises the financial challenges faced by councils, we are concerned that the SV process is being increasingly relied on to secure long-term financial sustainability. We are concerned that no option has been provided for a temporary SV or an alternative solution that phases one-off costs over a longer period to reduce the cumulative impact on ratepayers. In the context of businesses already facing substantial cost pressures, we urge IPART to carefully assess whether alternative funding options referred to above should be considered in lieu of a permanent increase.

North Sydney Council has an extensive history of applying for SVs to fund comparable works to those referenced in the current application, dating back to FY 2008-09. The cumulative impact of these variations has resulted in a doubling of Council's general income from FY 2013-14 to FY 2022-23. There is nothing in the application documents outlining lessons learned from previous SV processes, or how Council has introduced cost containment measures or taken other action to build their long-term financial sustainability. As such, this proposal raises questions about Council's fiscal management and productivity improvements. We are calling for a thorough review of expenditure and the implementation of effective cost containment strategies before imposing such substantial rate increases. Ensuring financial efficiency is crucial to maintain a conducive environment for property development and investment.

While a 'Capacity to Pay' report was commissioned to support this application, we are concerned that it does not provide adequate data or commentary to substantiate that business ratepayers will have capacity to absorb the proposed rate increase. The modelling used to inform this application demonstrates that its minimum residential rates are low, but the average business rates are high – yet the SV application seeks to address the inequity in the former whilst exacerbating the inequity for the latter. As a result, we are unable to support this application as the impact on affected business ratepayers is not clearly defined, having regard to the current rate levels and the proposed purpose of the SV.

The consultation process leading up to IPART's consideration of this proposal could also be improved. While we acknowledge the timing of IPART's review process to ensure rate changes come into effect at the start of a new financial year, Council's engagement overlapped with the Christmas/New Year holiday period which could have precluded people from having a meaningful opportunity to participate in consultation. Future engagement efforts need to be enhanced to build trust and ensure that stakeholders are adequately consulted and have their feedback considered as part of any changes.

We are concerned that the consultation process did not sufficiently inform business ratepayers about the impact the SV on the average rates charge. The fact sheet provided as part of the community consultation process included a chart showing the average council rates paid by residential ratepayers in comparison to other councils in the region (Attachment A, p. 3). However, a comparable comparison for business ratepayers was not provided, notwithstanding the fact that business ratepayers contribute 40 per cent of the rate revenue for the North Sydney LGA. The decision to exclude this information did not provide business ratepayers with a full picture to decide whether the proposed changes are reasonable. For comparison, this information was included in the collateral for consultation on the FY 2019-24 application (Attachment B, p. 4).

We note that North Sydney Council proposes to fund the renewal of council's assets to a higher standard than previously accepted, resulting in a substantial cost to ratepayers. There was no consultation to gauge community support on an increase to the scope and scale of Council's infrastructure renewal program, and whether expenses of this extent should be funded through the SV. We recommend that IPART seeks further justification about Council's position to deliver an 80 per cent renewal rate in Years 1 and 2 and that Council revisits their approach to prioritising asset upgrades.

We encourage IPART to consider the broader implications of this proposal on the delivery of housing, jobs, and investment in the area. We welcome the opportunity to engage in further discussion to explore potential alternatives that would allow for necessary funding without unduly burdening industry or impeding the future growth of North Sydney.

We thank IPART for the opportunity to provide a submission to this consultation. If you have any questions about this submission, please contact NSW Policy Manager, Emma Thompson at [ethompson@propertycouncil.com.au](mailto:ethompson@propertycouncil.com.au) or by phone on 0458 294 817.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K Stevenson', with a stylized flourish at the end.

**Katie Stevenson**  
NSW Executive Director  
Property Council of Australia

**Attachment A – North Sydney Council Special Rate Variation FY 2025-26 Fact Sheet**



# North Sydney Council

## SPECIAL RATE VARIATION

### Overview

North Sydney Council is facing significant financial challenges and is currently in an unsustainable financial position. Despite efforts to improve financial management through organisational restructuring and other improvement initiatives, the increased costs of the North Sydney Olympic Pool redevelopment, reductions in other sources of revenue, and rising infrastructure backlogs require immediate response to ensure long-term financial sustainability.

These challenges are compounded by increased service delivery costs, ageing infrastructure, and the needs of a growing population. Without intervention, the funding gap will continue to widen, impacting Council's ability to maintain services and invest in essential infrastructure.

To address these issues, Council has developed a draft Long-Term Financial Plan (LTFP), which includes a proposed Special Rate Variation (SRV). The SRV will strengthen Council's financial position, reducing deficits, and providing the necessary resources to deliver services and infrastructure for the community, ensuring a positive legacy for future generations.

Council has also considered the feedback provided by the community during the 'Have your say on North Sydney's next ten years' consultation in May and June 2024 which, combined with key research, has shaped eight draft Informing Strategies. These strategies will guide the new Community Strategic Plan, focusing on enhancing quality of life, strengthening community, and delivering responsive services and infrastructure that meet the evolving needs of our population. Central to the realisation of these strategies is Council's long-term financial sustainability.

### What is a Special Rate Variation (SRV)?

A Special Rate Variation (SRV) refers to an increase in total general rates that is greater than the published rate peg. Each year, the Independent Pricing and Regulatory Tribunal (IPART) sets a rate peg for each council, which is based on the expected cost increases that councils will incur. When councils need to increase total rates by more than the rate peg, they must apply to IPART for an SRV.

For an SRV to be approved, councils must demonstrate that they have met the criteria set out by the Office of Local Government, including demonstrating that there is a need for the SRV, ensuring that the community is aware of the proposed SRV, understanding the community's capacity to pay for the increase and making sure that the Council's planning and reporting documents (particularly its Long-Term Financial Plan) reflect the need and scope for the proposed SRV.

For North Sydney Council, the proposed SRV is critical to:

- strengthening and stabilising finances and reducing the structural deficit
- the delivery of current service levels
- addressing a growing backlog in infrastructure maintenance and renewal
- reducing internal and external debt associated with the North Sydney Olympic Pool redevelopment
- securing financial sustainability to meet the needs of a growing and changing population





## Message from Mayor Zoë Baker

Dear North Sydney Community,

At the recent local government elections, I ran on a platform that included strengthening Council's financial position and continuing to increase transparency, accountability and strong governance in all of Council's operations. Those promises were not lightly made. The commitment was made in the context that Council's finances were unsustainable without urgent action and given with the full understanding that Council is facing significant challenges.

Addressing these financial challenges will require difficult decisions to be made in order to repair the impacts of more than a decade of chaos and neglect by former councils. We cannot 'kick the can down the road' for another future council to clean up.

The redevelopment of the North Sydney Olympic Pool has increased debt and reduced reserves, limiting Council's ability to invest in essential infrastructure. The legacy of poor decisions made about the North Sydney Olympic Pool redevelopment has created financial pressures that we cannot ignore.

Whilst upgrade and stabilisation works were necessary, an independent review found that early planning and oversight were deficient, undertaken without any real community consultation and compounded by a flawed decision to enter into a construction-only contract before final construction drawings were provided. The original budget was never sufficient in the first place, considering the risks that had been accepted by the former Council. This directly led to significant additional costs that now impact all of us.

At the same time, revenue has declined, while rising costs and growing demand for services have added further strain. Many Council assets require urgent upgrades after more than a decade of underfunding. Despite savings made from recent efficiency measures, many of Council's systems are shockingly outdated, which continues to hinder progress.

These pressures have placed Council in an unsustainable financial position, threatening Council's ability to maintain the essential services and infrastructure our community depends on.

The North Sydney community highly values the services and infrastructure the Council provides. Without decisive action, we risk not being able to maintain these at the levels our community expects.

Council, therefore, proposes a Special Rate Variation as part of its Draft Long-Term Financial Plan.

The proposed Special Rate Variation aims to stabilise finances, reduce deficit and debt as well as provide resources to meet the needs of our growing community. This proposal is also informed by extensive community consultation and feedback, undertaken in mid-2024, which emphasised the importance of long-term sustainability and responsive service delivery.

Since I became Mayor, I have very publicly stated that we, as a community, would have to have an open, honest and difficult conversation about how to repair and protect Council's financial health, vital community services and assets. This newly elected Council is determined to tackle head on the significant financial challenges and work to ensure Council, and the vital community services it provides, are in better shape than we have inherited.

I understand that this is incredibly frustrating – especially at a time when everyone is under pressure from the rising

cost of living – and many people will feel angry about having to address these issues at all. It's especially challenging knowing that this outcome could have been avoided with better governance and decision-making in the past. I share that frustration and anger. There is absolutely no satisfaction in 'I told you so', having been one of only three councillors to sound the alarm against the financial impacts of decisions of the former Council, including voting more than 23 times against the redevelopment of the North Sydney Olympic Pool.

However, this Council has an obligation and commitment to transparency and accountability as we work to restore financial security and long-term sustainability.

One of the most responsible and prudent steps is to explore a Special Rate Variation.

This Council is committed to ensuring the community has a voice and we need your input throughout this process. Together, we can decide on the best path forward. No decision will be made without being informed by your views in this community consultation. It is not 'window dressing' – it is real and meaningful consultation.

Please visit

**[yoursay.northsydney.nsw.gov.au](https://yoursay.northsydney.nsw.gov.au)**

to share your feedback and register to attend our community forums.

Finally, this Council is committed to responsible financial stewardship. We owe it to you and to future generations to tackle these challenges now.

Yours faithfully,

A handwritten signature in black ink that reads 'Zoë Baker'.

Zoë Baker

## Why does North Sydney need to consider an SRV?

Several factors have contributed to Council's current financial challenges:

**North Sydney Olympic Pool redevelopment:** This major project has significantly impacted the Council's financial position. External debt has increased, and internal reserves have been drained, further reducing Council's asset renewal capacity. In addition, ongoing costs associated with interest repayments and future renewal costs will add to operating deficits.

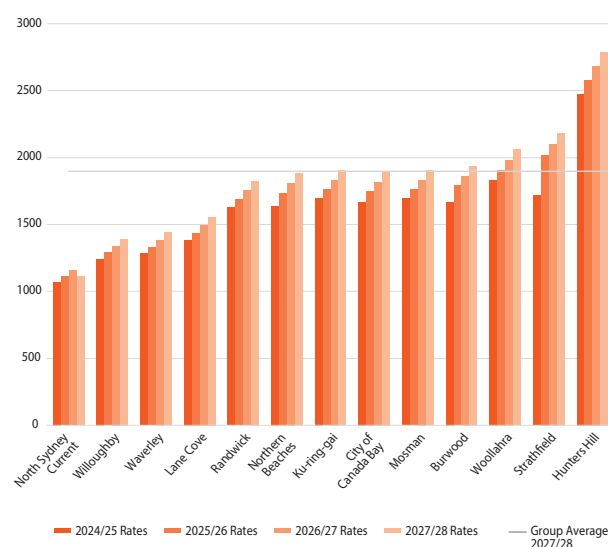
**Declining revenue from other sources:** Traditionally, around 45% of total operating revenue has been generated through user charges, fees, and other non-rate income. This includes on-street parking fees, fines, advertising revenue, and commercial rental income. While this strategy has lessened the financial burden on residents and businesses, it has also exposed the Council to financial shock and fluctuations in income. Since the 2020 COVID-19 pandemic, adjusting for inflation, income from user charges, fees, and other revenue streams, it is estimated that revenue for the current fiscal year is down by \$9.9 million. The cumulative effect of declining revenue has also impacted reserve levels and capacity for infrastructure renewal.

**Asset maintenance and renewal:** Current estimates of infrastructure backlog indicate a history of underinvestment in asset renewal, which has compounded over time and further exacerbated funding challenges. In particular, 62% of Council building assets have been assessed at a rating of less than 'good', which limits their ability to best service the community. Addressing this backlog will require targeted, sustained investment to bring infrastructure management up to a level that meets both current and future community expectations.

**Cost increases:** Costs have increased faster than revenue in recent years. While IPART has addressed some of these issues through rating reforms implemented in July 2024, historical gaps remain, exacerbating the financial strain. Like many councils, we have had to cut back on asset expenditure, leading to a growing backlog of capital works.

**Outdated information systems and technology:** Over the past two years, Council has actively reviewed its operations to identify opportunities for improvement. While progress has been made, Council's ability to generate efficiencies is constrained by its outdated suite of information systems and technology. These systems are not integrated, require excessive manual intervention, and lack the sophistication needed to support timely decision-making. The inefficiencies caused by these systems are a major source of frustration for the workforce and, indirectly, for residents and customers, negatively impacting the overall customer experience.

**Historically low rates income:** Historically, residential rates have remained low due to availability of other sources of income. This is no longer sustainable. The following chart shows a comparison of current and forecast residential rates with other councils in the region and across Sydney. This does not factor in SRVs currently being proposed in these council areas.



## Outside of an SRV, what is Council doing to improve its performance?

Council has initiated a comprehensive program of review and improvement to ensure the effective use of public funds. In 2023, a major realignment of the organisational structure was implemented, establishing a clear leadership and service unit framework designed to enhance role clarity, accountability and communication, while reducing duplication and improving collaboration across the organisation. Additionally, over \$6.4 million in employee benefits and oncosts were reallocated to streamline leadership structures and address critical resource needs in areas such as risk management, commercial property management, parks and gardens maintenance, organisational improvement, technology, and strategic planning.

Ongoing and future review and improvement programs include the introduction of:

- **A process mapping initiative**, initially targeting 250 high-priority processes, with plans to expand to 1,000 over time. This effort aims to identify opportunities for greater operational efficiency.

- **A new service level review framework** to ensure that Council's services are aligned with the evolving needs and expectations of the community.
- **Service unit planning** to identify workforce development priorities, opportunities for process improvement, and areas for financial review.
- **A development and performance framework** to support the creation of a high-performing workforce.
- **A new workforce strategy** aimed at positioning Council as a competitive employer in a challenging environment marked by skills shortages.

Despite these significant commitments to improve organisational efficiency, Council's ability to generate efficiencies is constrained by its information systems and technology.

## What options is North Sydney considering?

Council is consulting on four SRV options, which present different levels of financial strength and sustainability for North Sydney. Options one, two and three are different in size and reflect a different level of benefit. Options 2a and 2b provide the same benefits but have different implementation paths.



### Option 1: Financial repair

focuses on financial repair, improvement to governance and administration, the delivery of critical infrastructure backlog projects and managing debt repayments.



### Options 2a & 2b: Strength and sustainability

includes everything in Option 1 as well as delivery of community infrastructure and service priorities developed in response to widespread consultation in May and June 2024.



### Option 3: Future growth

delivers everything in Options 2a and 2b, as well as additional funding to bring building infrastructure to a 'good' condition, over a ten-year period commencing in year 4.

### Rate path proposals:

All options include the rate peg	2025-26	2026-27	2027-28	Cumulative <sup>1</sup>
Option 1: Financial repair (3 year SRV)	50%	5%	5%	65.38%
Option 2a: Strength and sustainability (2 year SRV)	50%	25%	Rate peg	87.50%
Option 2b: Strength and sustainability (1 year SRV)	75%	Rate peg	Rate peg	75%
Option 3: Future growth (3 year SRV)	60%	20%	10%	111.20%
Rate peg (base case)	4%	3%	3%	

<sup>1</sup> The Office of Local Government SRV Guidelines require Council to communicate the cumulative impact of the proposed rate increase over the years of implementation. Option 2a is proposed to be implemented over two years and 2b is proposed over one year, therefore their cumulative rates in the table are compounded over two years and one year, respectively. However, this doesn't allow for an accurate comparison with options 1 and 3, which span three years, as the rate peg increases will then apply to options 2a and 2b after the SRV is implemented. If the assumed 3% rate peg is applied for years two and three, the comparison rate for option 2a is 93.31% and for option 2b is 85.66%.

## What does each SRV option provide?

	Option 1	Option 2 (a and b)	Option 3
Deliver current services and address operating deficits	●	●	●
Deliver required systems replacement in Governance Strategy	●	●	●
Maintain infrastructure renewals (80% renewal rate in first two years and 100% thereafter)	●	●	●
Repay 70% of borrowings	●	●	●
Reduce infrastructure backlog <sup>2</sup>	●	●	●
Deliver expanded services and new and upgraded infrastructure identified in the Informing Strategies <sup>3</sup>	●	●	●
Improve building assets to a 'good' condition, with \$15.5M per year from Year 4 to address backlogs	●	●	●

<sup>2</sup> Critical infrastructure addressed in first two years, \$15M per year (indexed) from 2027-28 to bring assets to a satisfactory condition

<sup>3</sup> In May and June 2024, the Council launched an extensive community engagement initiative, 'North Sydney's Next Ten Years'. This initiative included discussion papers, expert panels, workshops, and information sessions. Over 1,000 surveys were completed, alongside significant feedback from in-person engagements. In parallel, independent consultants conducted research into key areas including open space and recreation, culture and creativity, social inclusion, integrated transport, and economic development. This research provided valuable insights that helped shape the priorities for North Sydney's future. The ten-year draft Informing Strategies are currently on exhibition until Friday 10 January and we welcome community feedback at [yoursay.northsydney.nsw.gov.au](https://yoursay.northsydney.nsw.gov.au)

Projects identified within these strategies include, but are not limited to, the delivery of a community facility at Berrys Bay, upgrades to North Sydney Indoor Sports Centre, improved drainage infrastructure for sports fields, major upgrades to North Sydney Oval, upgraded amenities at Tunks Park, footpath improvements, cycling infrastructure, upgrade and expansion of Stanton Library, Cremorne Plaza and Langley Place upgrade, and other public domain upgrades in town centres.



## What is a minimum rate?

A minimum rate is the minimum amount of a rate that can be levied on each parcel of land. Individual rates are calculated on the unimproved land value of a property. This can mean that the rates paid by individual houses on a block of land can be significantly more than for units on land of a similar value. Unit holders receive the same level of services from councils and often have comparable ability to pay rates as those in houses. For councils like North Sydney, minimum rates help ensure a degree of equity between the rates paid by ratepayers in units and houses.

## What are the proposed changes to minimum rates?

North Sydney has one of the lowest minimum rates in metropolitan Sydney. Over 77% of residents currently pay the minimum rate and this does not support the level and variety of Council services currently offered to each household. To improve equity and ensure revenue keeps pace with growing unit developments, Council proposes increasing minimum rates in 2024-25 to:

- \$1,300 for residential properties
- \$1,400 for businesses

After 2024-25, minimum rates will increase by the approved rate path, which may either be one of the proposed SRV options or the rate peg.

### Minimum rates:

All options include the rate peg	Current 2024-25	2025-26	2026-27	2027-28
<b>Residential Rates</b>				
Option 1: Financial repair (3 year SRV)	\$715	\$1,300	\$1,365	\$1,433
Option 2a: Strength and sustainability (2 year SRV)		\$1,300	\$1,625	\$1,674
Option 2b: Strength and sustainability (1 year SRV)		\$1,300	\$1,339	\$1,379
Option 3: Future growth (3 year SRV)		\$1,300	\$1,560	\$1,716
<i>Rate peg (base case)</i>		\$744	\$766	\$789
<b>Business Rates</b>				
Option 1: Financial repair (3 year SRV)	\$715	\$1,400	\$1,470	\$1,544
Option 2a: Strength and sustainability (2 year SRV)		\$1,400	\$1,750	\$1,803
Option 2b: Strength and sustainability (1 year SRV)		\$1,400	\$1,442	\$1,485
Option 3: Future growth (3 year SRV)		\$1,400	\$1,680	\$1,848
<i>Rate peg (base case)</i>		\$744	\$766	\$789

For comparison purposes, it is important to note that in addition to the minimum rate, residential ratepayers pay an average of \$129.34 in infrastructure, environmental and main street levies – calculated as a base amount plus an ad valorem component based on their land value. These special levies will not be charged in addition to the minimum rate under the new SRV proposal. Instead it is proposed that this special levy income, which is currently levied as a separate charge, be rolled into the ordinary rate revenue. If your property is subject to a minimum, this means that these levies will not be an additional charge in future.

## What do the proposed SRV options mean for rates?

The rates you pay depend on the unimproved land value of your property. The average rates that would result from each of the SRV options are outlined below.

Council has also recently reviewed its rating structure and proposes the removal of the infrastructure, environmental and main street levies mentioned above, which are currently paid separately to rates. The income from these levies would be incorporated into the ordinary rate charged. This would mean that total permissible rates income is raised entirely through ordinary rates, making the Council's rating structure simpler and more equitable. Residents are paying approximately 90% of all the levies, whereas they pay 60% of total ordinary rates and receive approximately 60% of the benefits from Council services. These changes mean that residents would pay 60% of the total permissible income and businesses pay 40%. The averages below show this change, with the levies that are included in the average for 2024-25 and rolled into ordinary rates from 2025-26 onwards.

### Proposed rates:

All options include the rate peg	Current 2024-25	2025-26	2026-27	2027-28
Residential Rates				
Option 1: Financial repair (3 year SRV)	\$1,040 <sup>4</sup>	\$1,511	\$1,586	\$1,665
Option 2a: Strength and sustainability (2 year SRV)		\$1,511	\$1,888	\$1,945
Option 2b: Strength and sustainability (1 year SRV)		\$1,762	\$1,815	\$1,870
Option 3: Future growth (3 year SRV)		\$1,611	\$1,933	\$2,127
Rate peg (base case)		\$1,048 <sup>5</sup>	\$1,080	\$1,112
Business Rates				
Option 1: Financial repair (3 year SRV)	\$6,724 <sup>6</sup>	\$10,601	\$11,131	\$11,687
Option 2a: Strength and sustainability (2 year SRV)		\$10,601	\$13,251	\$13,648
Option 2b: Strength and sustainability (1 year SRV)		\$12,267	\$12,739	\$13,121
Option 3: Future growth (3 year SRV)		\$11,307	\$13,569	\$14,926
Rate peg (base case)		\$7,396	\$7,618	\$7,847

## How can I find out more and have my say?

Council is committed to engaging with the community and is actively seeking feedback on the SRV proposal, updated Long-Term Financial Plan, Delivery Program, Asset Management Strategy and Informing Strategies. Community consultation is open from Wednesday 27 November 2024 to Friday 10 January 2025. Please visit [yoursay.northsydney.nsw.gov.au](https://yoursay.northsydney.nsw.gov.au) to learn more and have your say.

## Next steps

Once the community consultation period concludes, Council will review the feedback received. A report will then go to Council for their consideration of the feedback. Council will decide whether to proceed with the SRV application. If Council decides to proceed, the application will be submitted to IPART in early 2025. IPART will conduct its own consultation, with public submissions likely to be sought, before they make their determination in May 2025. If the SRV application is successful, Council will then need to resolve to include the SRV in its rates from 1 July 2025. The new Community Strategic Plan, Delivery Program, Resourcing Strategy and Operational Plan will also come into effect from 1 July 2025.

4 Average Residential Rate for 2024-25 includes infrastructure and environmental levies. Current average residential ordinary rates (excluding levies) are \$915.

5 The Average Residential Rate for 2025-26 reflects Council's intention to remove the levies and raise total permissible rates entirely through ordinary rates. This will redistribute the revenue collected by total levies (approximately 90% of levies are currently paid by residential ratepayers) across the ordinary rate category split of 60%/40% Residential/Business respectively.

6 Average Business Rate for 2024-25 includes the infrastructure, environmental and main street levies. Current average business ordinary rates (excluding levies) are \$6,455.

**Attachment B – North Sydney Council Special Rate Variation FY 2019-24 Fact Sheet**

# INVESTING IN OUR FUTURE

Whoever coined the phrase roads, rates and rubbish did local government a great disservice. Yes, the three Rs are a core part of our service, but they are just a fraction of what councils actually do.

You may not know it, but local government is the playgrounds and sportsgrounds your kids use, the events and festivals you enjoy and the books you borrow from the library. It's the bushland reserves and walking trails, your local pocket park and the outdoor dining area where you catch the sun with your morning coffee.

It's also a myriad of things you don't see – the protection of heritage buildings, the maintenance of drains and seawalls, and the trapping of litter before it washes into the harbour. It all contributes to quality of life – and it all comes at a cost.

Council's long-term financial planning shows that by 2020/21 Council's costs will exceed its income. At the same time, in the consultation for our North Sydney Community Strategic Plan 2018-2028, the community has requested a number of improvements to our existing facilities. This information sheet looks at Council's current financial position, what projects could be funded under a Special Rate Variation (SRV) and what it would cost ratepayers.

## WHERE WE ARE NOW

Approximately half of Council's annual income is generated from rates and annual charges. Overall, rates income is limited by a rate peg, which means Council can only raise rates by the increase allowed by the State Government unless we get approval from the Independent Pricing and Regulatory Tribunal (IPART).

The majority of Council's costs are allocated to delivering services to the community. As you can see from Figure 3, unless Council can increase income, from 2020/21 we will need to start reducing services to balance the budget.



## WHAT IS A SPECIAL RATE VARIATION?

Special rate variations (SRVs) are rate rises above the rate peg approved by the State Government each year. An SRV must be approved by the Independent Pricing and Regulatory Tribunal, which considers a number of factors including the Council's need for additional income, the impact on ratepayers, Council's productivity and cost containment strategies and whether the proposed SRV was explained in Council's integrated planning documents including the Delivery Program and Resourcing Strategy.

Council resolved to consult the community about applying for a five-year SRV to take effect from the 2019/20 financial year (see page 4 for details of how you can have your say). The proposed variation will apply across all ratepayers including the 76% of residential ratepayers and 33% of business ratepayers paying the minimum rate. Note: the previous SRV that expired 30 June 2018 did not apply to the minimum rate.

Figure 1: Our sources of income

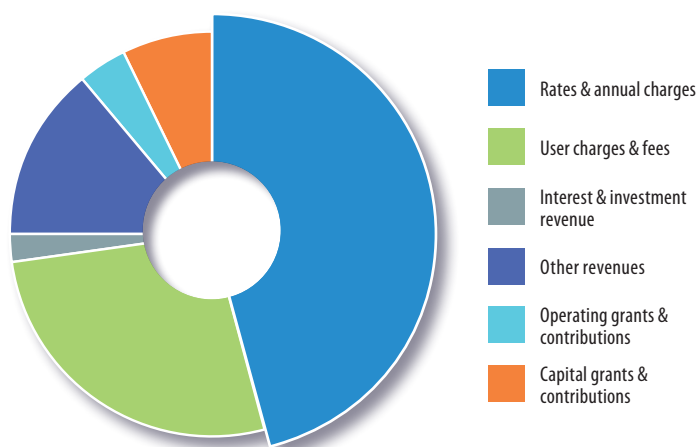


Figure 2: How the money is spent

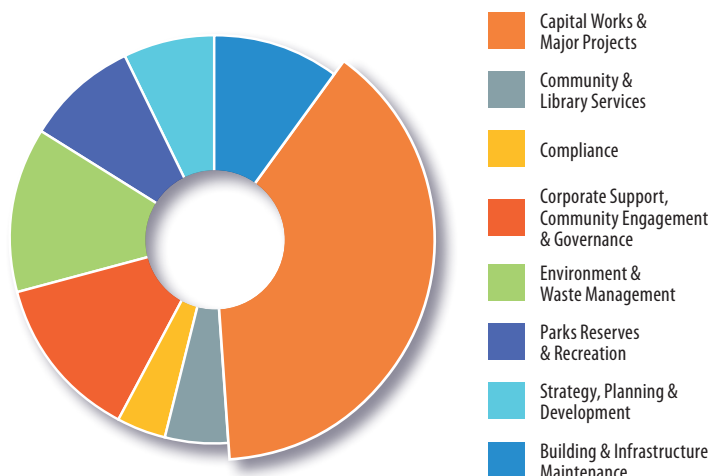
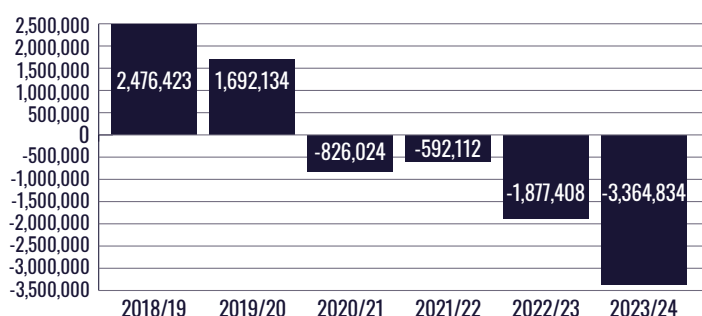


Figure 3: Financial forecast (without an SRV)

NET OPERATING RESULT BEFORE CAPITAL GRANTS AND CONTRIBUTIONS





## Scenario 1: rate peg only REDUCE SERVICES

Under this option, Council will increase rates only by the rate peg each year. Any increase in costs above the rate peg amount will mean we operate at a loss. Ultimately, under this option, we would need to reduce services to achieve a balanced budget. Furthermore, Council would not be able to address the backlog of public infrastructure in very poor condition. As a starting point, Council would make small reductions in expenditure on a wide range of discretionary services rather than eliminate some services altogether.

Cut \$6.7m from a range of discretionary services including verge mowing, street cleaning, graffiti removal, tree planting, events, subsidies, library, economic development, grants for community groups and centres, precinct system and administration. For details of the proposed cuts and savings see Council's website.

**Residential** 14.10% | \$115  
**Business** 10.60% | \$521

## Scenario 2: 5.5% incl rate peg MAINTAIN SERVICES & ASSETS

Under this option Council would apply for a 5.5% SRV (inclusive of rate peg increase) for 5 years. The increased revenue would allow us to maintain all our existing services at the current level. It would also allow us to achieve some of the goals included in our Community Strategic Plan and invest more in upgrading essential infrastructure that is currently in poor condition.

- maintain all existing services
- \$3m Neutral Bay and Cremorne Villages
- \$2m Bradfield Park South
- \$700,000 for three playgrounds
- \$180,000 Badang Reserve walking trail
- \$9.3m for seawalls, retaining walls, drains, gross pollutant traps, footpaths, roads in very poor condition

**Residential** 28.90% | \$253  
**Business** 25.20% | \$1,321

### CUMULATIVE IMPACT OVER 5 YEARS ON AVERAGE RATEPAYER

### RESIDENTIAL RATEPAYERS (excluding domestic waste charge and

LAND VALUE	2019 / 20					2020 / 21				
	2021 / 22					2022 / 23				
	2023 / 24					2024 / 25				
AVERAGE ANNUAL RATE	\$804	\$824	\$845	\$866	\$888	\$826	\$872	\$920	\$971	\$1,025
AVERAGE ANNUAL INCREASE	\$31	\$20	\$21	\$21	\$22	\$54	\$46	\$48	\$51	\$54
\$0 - \$499,999	\$611	\$626	\$642	\$658	\$675	\$628	\$663	\$699	\$737	\$778
\$500,000 - \$749,999	\$686	\$703	\$721	\$739	\$758	\$705	\$744	\$786	\$829	\$876
\$750,000 - \$999,999	\$952	\$976	\$1,000	\$1,026	\$1,051	\$978	\$1,032	\$1,091	\$1,152	\$1,216
\$1,000,000 - \$1,499,999	\$1,300	\$1,332	\$1,365	\$1,401	\$1,435	\$1,335	\$1,409	\$1,489	\$1,573	\$1,661
\$1,500,000 - \$1,999,999	\$1,799	\$1,843	\$1,890	\$1,939	\$1,987	\$1,848	\$1,951	\$2,061	\$2,177	\$2,298
\$2,000,000 or greater	\$3,227	\$3,306	\$3,390	\$3,478	\$3,563	\$3,315	\$3,498	\$3,697	\$3,904	\$4,123

### BUSINESS RATEPAYERS (excluding mainstreet levies and stor

LAND VALUE	2019 / 20					2020 / 21				
	2021 / 22					2022 / 23				
	2023 / 24					2024 / 25				
AVERAGE ANNUAL RATE	\$4,826	\$4,945	\$5,067	\$5,191	\$5,319	\$4,956	\$5,224	\$5,507	\$5,805	\$6,120
AVERAGE ANNUAL INCREASE	\$28	\$119	\$122	\$124	\$128	\$157	\$268	\$283	\$298	\$315
\$0 - \$499,999	\$1,021	\$1,046	\$1,071	\$1,096	\$1,123	\$1,048	\$1,103	\$1,161	\$1,222	\$1,287
\$500,000 - \$749,999	\$3,438	\$3,521	\$3,605	\$3,692	\$3,781	\$3,528	\$3,715	\$3,912	\$4,119	\$4,339
\$750,000 - \$999,999	\$4,727	\$4,840	\$4,956	\$5,076	\$5,198	\$4,850	\$5,107	\$5,378	\$5,664	\$5,965
\$1,000,000 - \$1,499,999	\$6,486	\$6,645	\$6,808	\$6,974	\$7,145	\$6,659	\$7,018	\$7,397	\$7,796	\$8,217
\$1,500,000 - \$1,999,999	\$9,357	\$9,583	\$9,815	\$10,054	\$10,298	\$9,604	\$10,116	\$10,657	\$11,227	\$11,828
\$2,000,000 or greater	\$37,203	\$38,127	\$39,075	\$40,048	\$41,043	\$38,212	\$40,302	\$42,508	\$44,835	\$47,290

Average increase in rates within categories (assumes rate peg of 2.7% in year 1 & 2.5% in years 2 to 5)

## Scenario 3: 7% incl rate peg MAINTAIN SERVICES & RENEW ASSETS

Under this option, Council would apply for a 7% SRV (inclusive of rate peg increase) for 5 years. The increased revenue would allow us to maintain all our existing services at the current level. It would also allow us to achieve numerous goals included in our Community Strategic Plan, including delivering the St Leonards Park Masterplan. Importantly, it would release significant funds for upgrading essential infrastructure that is currently in poor condition.

- maintain all existing services
- \$750,000 Anderson & Primrose Parks
- \$300,000 three bushland trails
- \$4.8m St Leonards Park
- \$5m extra for seawalls, retaining walls, drains, gross pollutant traps, footpaths, roads in very poor condition
- \$1m Kirribilli & McMahons Point villages

**Residential** 36.40% | \$328  
**Business** 32.70% | \$1,764

## PROPOSED ADDITIONAL INFRASTRUCTURE RENEWAL PROJECTS

Over the past decade Council has undertaken considerable work to ensure that we are managing our infrastructure assets responsibly. This includes developing a full register of assets, setting appropriate depreciation and renewal rates, and ensuring maintenance on assets is undertaken efficiently.

In the past few years we have commissioned independent assessments of the state of our infrastructure. This has identified \$45m worth of assets that are in very poor condition. Scenario 2 will provide an additional \$9.3m for asset renewal and Scenario 3, \$14.3m, over and above the amount allocated in Scenario 1 over five years.

The additional investment (as allocated in table below) will allow Council to reduce the proportion of infrastructure in very poor condition and help prevent the further deterioration of community assets. A full list of the projects and their locations is on Council's website.

Asset Class	Scenario 2	Scenario 3
Footpaths	\$953,870	\$1,623,870
Gross Pollutant Traps	\$1,353,025	\$1,633,025
Lights	\$961,617	\$1,129,617
Marine Structures	\$650,000	\$1,150,000
Retaining Walls	\$380,218	\$490,418
Roads	\$1,849,003	\$2,468,008
Seawalls	\$822,971	\$1,522,971
Stormwater Drainage	\$2,359,000	\$4,312,825
<b>Total</b>	<b>\$9,329,704</b>	<b>\$14,330,734</b>

stormwater charge)

2019 / 20	2020 / 21	2021 / 22	2022 / 23	2023 / 24
\$838	\$897	\$961	\$1,028	\$1,101
\$65	\$59	\$64	\$67	\$73
\$637	\$681	\$728	\$779	\$834
\$715	\$766	\$821	\$879	\$941
\$992	\$1,064	\$1,141	\$1,222	\$1,310
\$1,355	\$1,453	\$1,557	\$1,669	\$1,788
\$1,875	\$2,011	\$2,155	\$2,309	\$2,475
\$3,363	\$3,607	\$3,866	\$4,142	\$4,440

stormwater charge)

\$5,025	\$5,371	\$5,741	\$6,138	\$6,562
\$227	\$346	\$370	\$397	\$424
\$1,062	\$1,133	\$1,209	\$1,290	\$1,377
\$3,576	\$3,817	\$4,075	\$4,351	\$4,646
\$4,917	\$5,248	\$5,603	\$5,982	\$6,389
\$6,752	\$7,215	\$7,711	\$8,242	\$8,809
\$9,736	\$10,398	\$11,106	\$11,863	\$12,673
\$38,752	\$41,452	\$44,341	\$47,432	\$50,739

## Proposed service reductions – Scenario 1

If a Special Rate Variation is not supported, Council will need to reduce annual spending by \$1.35m to maintain a balanced the budget. Rather than cutting whole services, it is proposed to create the savings required by reducing the level of service provided across a range of different service categories. For details of the level of reduction, see Council's website.

Public spaces	\$338,000	verge mowing, street cleaning, graffiti removal, tree planting
Events	\$84,000	Garden competition, Bradfield Bark, child restraint checks
Subsidies	\$102,000	Sportsfields hire, parking,
Library	\$25,000	Reduced opening hours and new collections
Economic Development	\$250,000	Business support, NNth Syd events
Community grants	\$108,000	Community groups and centres
Administration	\$475,000	Customer service, precincts, food inspection, traffic management projects, community facilities, records management
Miscellaneous	\$72,000	Aboriginal Heritage Office, Sydney Coastal Councils network

# PROPOSED PROJECTS

Community consultation in recent years shows there is strong support for improving existing open space and recreation facilities and retaining the village feel of our smaller commercial centres. Maintaining essential infrastructure is also a priority and Council needs to fund additional renewal projects if we are to make inroads into the backlog of infrastructure in very poor condition and stop further deterioration of our assets. The projects identified in Scenarios 2 and 3 address these priorities.

## Scenario 2

**Essential infrastructure: \$9.3m** - see page 4 for more details.

**Neutral Bay and Cremorne villages: \$3m** - there is an opportunity to upgrade the Neutral Bay and Cremorne villages as the B-Line works along Military Road come to a close. Plans include redesigning the Grosvenor Lane carpark, upgrading the paving and lighting, and planting additional trees to soften the streetscape.

**Bradfield Park South: \$2m** - one of our main tourist destinations, Bradfield Park South is used by hundreds of thousands of locals and visitors each year who walk between Kirribilli and Lavender Bay. The upgrade will include wider pathways, additional seating, replacing diseased trees, lighting the heritage pavilions and redesigning the garden entry to the Jeffrey St Wharf.

**Playgrounds: \$700,000** - Council designs playgrounds with reference to their context and with unique themes that stimulate imaginative play. The three selected playgrounds, which have not been upgraded in over 20 years, are: Sirius Street Reserve, Grasmere Children's Park and Merrett Playground.

**Badangi Reserve bushland trail: \$180,000** - upgrading the trail opens the bushland to the public to enjoy while protecting native fauna and flora.

## Scenario 3 ALL OF SCENARIO 2 PLUS

**Essential infrastructure: \$5m** - \$14.3m in total.

**St Leonards Park: \$4.8m** - substantial work is required to deliver all the improvements in the St Leonards Park Masterplan, which includes upgrading pathways, gardens, lighting, Tunks Fountain and public toilets, creating a War Memorial walk reinforcing the park's Victorian heritage and expanding the playground and picnic area.



**Kirribilli and McMahon's Point villages: \$1m** - upgrading paving, lighting, plantings.

**Anderson and Primrose Parks: \$750,000** - upgrading pedestrian access through Anderson Park, with stepped down access to the harbour and drainage works at Primrose Park to improve the playing surface.

**Bushland Trails: \$300,000** - upgrading Primrose Park, Brightmore Reserve and Gore Cove to Smoothey Park trails to protect and support biological diversity.

## HAVE YOUR SAY

For more information about this proposal visit:  
[yoursay.northsydney.nsw.gov.au](http://yoursay.northsydney.nsw.gov.au)

Alternatively, you can attend one of the following information sessions to hear a presentation by Council officers followed by a Q&A session. Venue capacity is limited, to register please phone 9936 8100 or book online at [www.trybooking.com/ZDLK](http://www.trybooking.com/ZDLK).

### Wednesday 7 November, 6pm - 8pm

North Sydney Leagues Club, 12 Abbott St, Cammeray

### Monday 12 November, 6pm - 8pm

Hutley Hall, 200 Miller St, North Sydney

### Thursday 22 November, 6pm to 8pm

Neutral Bay Club, 3 Westleigh St, Neutral Bay

Council will have a drop-in information kiosk at markets and events, see our website for dates and times. We are also commissioning a randomly selected telephone survey of ratepayers. However, all ratepayers can have their say by filling out the submission form on Council's website or writing to us by post or email. Additionally, you can also write to IPART.

**Feedback closes 16 January 2019.**

## How North Sydney compares

North Sydney's residential rates are the lowest in the Office of Local Government Group 3 councils and, as can be seen in the table below, compare favourably with our neighbours. In the North Sydney LGA, 42% of households earn \$2,500 or more per week, compared to 28.3% for greater Sydney.

Council	Average residential rate 18/19 (\$)	Average business rate 18/19 (\$)
North Sydney	772	4,258
Mosman	1,420	3,097
Willoughby	1,019	6,222
Lane Cove	1,226	4,818
City of Sydney	756	6,172



[northsydney.nsw.gov.au](http://northsydney.nsw.gov.au)