

Independent Pricing and Regulatory Tribunal
New South Wales

Special Variation Application Form – Part B

For 2019-20

Insert Name of Council: North Sydney Council

Date Submitted to IPART: 11 February 2019

Council Contact Person: Jenny Gleeson



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Tribunal Members

The Tribunal members for this review are:

Dr Peter J Boxall AO, Chair

Mr Ed Willett

Ms Deborah Cope

Enquiries regarding this document should be directed to a staff member:

Scott Chapman (02) 9290 8449



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1 Introduction

IPART will assess each application against the criteria set out in the Office of Local Government's (OLG) *Guidelines for the preparation of an application for a special variation to general income* (the [Guidelines](#)). Councils should refer to these Guidelines before completing this application form.

Each council must complete this Part B application form when applying for a special variation to general income either under section 508(2) or section 508A of the *Local Government Act 1993* (NSW).

In addition, councils must complete the Part B form with the Part A (spreadsheet) form for both section 508(2) or section 508A applications. The Guidelines also require the council to have resolved to apply for a special variation. You must attach a copy of the council's resolution. IPART's assessment of the application cannot commence without it.

If the proposed special variation includes increasing minimum rates above the statutory limit in the same rating year/s, the council may submit a combined special variation and minimum rate application (see Chapter 5 for circumstances where a combined application may be submitted). However, this must be clearly identified and addressed in the special variation application. A separate Minimum Rate application form (Part A and Part B) will need to be submitted where a council proposes increases to its minimum rates above the statutory limit for the first time, without increasing other ordinary rates in the same rating year. Councils are encouraged to discuss their proposed application with IPART as soon as possible.

As outlined in the Guidelines, new councils created in 2016 (apart from Mid-Coast Council) will be ineligible for special variations for the 2019-20 rating year.

1.1 Completing the application form

This form is structured to provide guidance on the information we consider is necessary for us to assess a special variation application. To complete the form, the council will need to respond to questions and insert text in the boxed area following each section or sub-section.

The amount of information that a council provides will be a matter of judgement for the council, but it should be sufficient for us to make an evidence-based assessment of the application. Generally, the extent of the evidence should reflect the size of the variation sought. More complex applications or requests for a high cumulative percentage increase should be supported by stronger, more extensive evidence.

Councils may submit additional supporting documents as attachments to the application (refer to section 8). These attachments should be clearly cross-referenced in Part B. We prefer to receive relevant extracts rather than complete publications, unless the complete publication is relevant to the criteria. If you provide complete documents when only an extract is relevant, we may ask you to resubmit the extract only. (You should provide details of how we can access the complete publication should this be necessary.)

We publish videos and fact sheets on how IPART assesses special variations and on the nature of community engagement for special variation applications. These will assist in preparing the application. The latest videos and fact sheets on these topics are available on [IPART's website](#).

We may ask for additional information to assist us in making our assessment. If this is necessary, we will contact the nominated council officer.

This application form consists of:

- ▼ Section 2 – Preliminaries
- ▼ Section 3 – Assessment criterion 1
- ▼ Section 4 – Assessment criterion 2
- ▼ Section 5 – Assessment criterion 3
- ▼ Section 6 – Assessment criterion 4
- ▼ Section 7 – Assessment criterion 5
- ▼ Section 8 – List of attachments
- ▼ Section 9 – Certification.

1.2 Notification and submission of the special variation application

Notification of intention to apply

Councils intending to submit an application under either section 508(2) or section 508A should have notified us of their intention to apply, via the Council Portal, by Friday 30 November 2018.

Any councils that did not notify but intend to apply for a special variation for 2019-20 should contact us as soon as possible.

[North Sydney Council's notice of intention to apply for a special variation and minimum rate increase \(combined application\) was submitted to IPART on 27 November 2018.](#)

Online submission of applications

All councils intending to apply for a minimum rate increase must use the [Council Portal](#) on IPART's website to register as an applicant council and to submit an application.

You are required to submit the application, via the Council Portal, by **Monday 11 February 2019**.

The [User Guide](#) for the Portal will assist you with the registration and online submission process. If you experience difficulties, please contact:

▼ Arsh Suri - Arsh_Suri@ipart.nsw.gov.au or 02 9113 7730

File size limits apply on the Council Portal to each part of the application. For this Part B application form the limit is 10MB. The limit for supporting documents is 50MB for public documents and 50MB for confidential documents. We generally request supporting documents of the same type to be combined and most supporting document categories have a maximum number of 5 documents allowed. These file limits should be sufficient for your application. Please contact us if they are not.

We will post all applications (excluding confidential content) on the IPART website. Confidential content may include part of a document that discloses the personal identity or other personal information pertaining to a member of the public or whole documents such as a council working document and/or a document that includes commercial-in-confidence content. Councils should ensure that documents provided to IPART are redacted so that they do not expose confidential content.

Councils should also post their application on their own website for the community to access.

2 Preliminaries

2.1 Focus on Integrated Planning and Reporting

Councils must identify the need for a proposed special variation to their General Fund's rates revenue as part of their Integrated Planning and Reporting (IP&R) process. The IP&R documents will need to be publicly exhibited and adopted by the council prior to submitting an application to us. Also refer to section 6 for a more detailed explanation.

The key IP&R documents are the Community Strategic Plan, Delivery Program, Long Term Financial Plan and, where applicable, the Asset Management Plan. A council's application may also include supplementary and/or background publications used within its IP&R processes. You should refer to these documents to support your application for a special variation where appropriate.

IPART's determination of Council's 2011/12 SRV application, approved in June 2011, considered it probable that the Council would need to seek a further special variation. This is further noted by IPART in its 2015 Fit for the Future assessment (referenced under section 3.2).

The need for the SRV and minimum rate increase was foreshadowed in the Council's previous *Resourcing Strategy 2013/14-2022/23* (adopted 2013), in which the long term modelling under the then 'preferred' scenario forecast the net surplus gradually falling over the remaining life of the plan (ending 2022/23), and deficits before capital grants and contributions following cessation of the previous approved SRV (which did not apply to those on the minimum rate), which expired on 30 June 2018.

North Sydney Council is applying for a combined special rate variation (SRV) and minimum rate increase of 7% per annum for five (5) years, effective from 1 July 2019 (i.e. Year 2 of the *North Sydney Council Resourcing Strategy 2018/19-2027/28*).

Council has met the statutory requirements for the production and public exhibition of its Integrated Planning and Reporting (IP&R) documents including the *North Sydney Community Strategic Plan 2018-2028*, *North Sydney Council Delivery Program 2018/19-2020/21* (includes combined Operational Plan) and the *North Sydney Council Resourcing Strategy 2018/19-2027/28*, which includes three interrelated components - Long Term Financial Plan, Asset Management Strategy and Workforce Management Strategy.

Following community consultation consistent with OLG requirements (Phase 1 occurred between 11 December 2017 and 25 March 2018 and Phase 2/exhibition of draft IP&R plans occurred 10 May to 7 June 2018 including advertising that Scenario 3, involving a SRV, was the preferred financial option), these documents were adopted by Council on 25 June 2018 (Minute Nos. 182, 183 and 208), inclusive of Scenario 3 as its preferred financial option. This documentation identified the need, purpose and justification for a SRV and minimum rate increase, and first included provision for community submissions/feedback during Phase 2.

The following extract from the Council Report GM003, 7 May 2018 detailing the financial options included in the *Draft Resourcing Strategy 2018/19-2027/28*¹.

The following information provides an overview of the key planning assumptions used in the preparation of the draft Long Term Financial Plan 2018/19-2027/28, which need to be taken into account when reviewing the financial estimates in the draft Delivery Program and setting the budget for the 2018/19 Operational Plan. It is noted that Council's current special rate variation (SRV) expires on 30 June 2018.

The draft plan includes three scenarios, all of which include rates revenue being restricted by the rate cap of 2.3% in 2018/19. In summary:

- Scenario 1 - (Base Case) -This scenario reflects the implementation of the annual IPART determination (rate peg) as the basis of rates revenue projections. It results in a decline in Council's capacity to provide current levels of service.
- Scenario 2 - (Maintenance of existing capacity/services), incorporating a 5.5% special rate variation (SRV) inclusive of rate peg, commencing in Year 2.
- Scenario 3 - (Increase existing capacity/services), incorporating a 7.0% special rate variation (SRV) inclusive of rate peg, commencing in Year 2.

Scenario 1 is based on revenue being limited to the annual rate cap, which has been modelled at 2.3% till 2021/22 and 2.8% thereafter to 2027/28. This is not the ideal scenario as it will result in a decline in our capacity and will not meet the expectations of the community as reflected in the community strategic plan consultation i.e. we cannot continue to deliver services and infrastructure at the rate of the past three years and remain financially viable.

Scenarios 2 and 3 are both based on rate revenue being restricted to the 2.3% cap in 2018/19 (Year 1) followed by increases of 5.5% and 7% respectfully thereafter. Scenario 2 would allow Council to maintain existing services but limit capacity to maintain infrastructure to the high standard demanded by the community and provide minimal capacity to expand services. Scenario 3 more closely represents community expectations on services as reflected in the Community Strategic Plan consultation. It would enable the high level of services demanded by the community to be maintained, maintenance of infrastructure to a high standard and some capacity to expand services to meet growth and changing demands.

All three scenarios include proposed borrowings in 2020/21 (Year 3) to provide funds for the redevelopment of the North Sydney Olympic Pool complex.

Should the Council resolve to propose a rate variation above the rate cap (effective from 2019/20) extensive consultation will need to occur with ratepayers in late 2018.

The following screenshot of the webpage² advertising the draft IP&P plans on exhibition (10 May to 7 June 2018), detailing the financial options:

¹ Draft Resourcing Strategy 2018/19-2027/28 (May 2018) available at <https://yoursay.northsydney.nsw.gov.au/ipr-framework-review> [accessed 31 January 2019]

² <https://yoursay.northsydney.nsw.gov.au/ipr-framework-review> [accessed 31 January 2019]

Home » Draft IPR Plans - submissions closed 7 June 2018

Draft IPR Plans - submissions closed 7 June 2018

Consultation has concluded



The following draft documents were publicly exhibited from 10 May to 7 June 2018:

- [Draft Community Strategic Plan 2018-2028](#)
- [Draft Resourcing Strategy 2018-2028](#)
- [Draft Delivery Program 2018/19-2020/21 and Operational Plan 2018/19 incorporating the Draft Revenue Policy 2018/19](#)
- [Draft Fees and Charges Schedule 2018/19](#)
- [Draft Community Grants and Subsidies 2018/19](#)

These documents include the long term vision for the local government area, how Council proposes to fund the actions for which it is responsible for and a detailed budget for the

next financial year. The documents can be viewed by clicking the links above or in the [document library](#).

The *North Sydney Community Strategic Plan 2018-2028* represents the community's long term aspirational vision for the North Sydney local government area. Whilst Council is the custodian of the plan, it is not solely responsible for its implementation. Council will work with stakeholders to implement the plan. For its part in implementing the plan, Council has prepared a draft *Delivery Program 2018/19-2020/21* with financial estimates which detail the 'Projects' and 'Services' we will deliver over the next three years.

The *Resourcing Strategy 2018/19-2027/28* details how Council proposes to fund its Delivery Program. The plan includes three financial scenarios:

- Scenario 1 - is based on revenue being limited to the annual rate cap, which has been modelled at 2.3% till 2021/22 and 2.8% thereafter to 2027/28. This is not the ideal scenario as it will result in a decline in our capacity and will not meet the expectations of the community as reflected in the Community Strategic Plan review consultation i.e. we cannot continue to deliver services and infrastructure at the rate of the past three years and remain financially viable.
- Scenario 2 - is based on rate revenue being restricted to the 2.3% cap in 2018/19 followed by increases of 5.5% thereafter. This would allow Council to maintain existing services but limit capacity to maintain infrastructure to the high standard demanded by the community and provide minimal capacity to expand services.
- Scenario 3 - is based on rate revenue being restricted to the 2.3% cap in 2018/19 followed by increases of 7% thereafter. This more closely represents community expectations on services as reflected in the Community Strategic Plan review consultation. It would enable the high level of services demanded by the community to be maintained, maintenance of infrastructure to a high standard and some capacity to expand services to meet growth and changing demands. **Scenario 3 is the preferred scenario.**

Submissions closed 5pm, Thursday 7 June 2018.

Document Library

- Council Report 07 May 2018 - Draft North Sydney Community Strategic Plan 2018-2028 (10.7 MB) (pdf)
- Council Report 07 May 2018 - Draft Resourcing Strategy 2018-2028 (5.05 MB) (pdf)
- Council Report 07 May 2018 - Draft Delivery Program 2018_19-2020_21 and Operational Plan 2018_19 (2.1 MB) (pdf)
- Council Report 30 April 2018 - Draft Fees and Charges Schedule 2018 19 (3.16 MB) (pdf)

[more..](#)

Related projects

No Related Projects for this project

Life Cycle

- ✓ **Open**
Public exhibition period runs 10 May to 7 June 2018
- ✓ **Exhibition Closed**
Submissions received under review for reporting back to Council
- **Post Exhibition Report**
The final IPR suite of plans was adopted by Council at its meeting of 25 June 2018.

Following determination of Council's preferred financial option at its meeting of 25 June 2018 (Minute No. 182 and 183), amendments (i.e. supplementary information) to the *Delivery Program 2018/19-2020/21* and the *Resourcing Strategy 2018/19-2027/28* were reported to the Council at its meeting of 29 October 2018 (**ATTACHMENT 1**). At this meeting Council resolved (Minute No. 366) its intent to apply to IPART for a SRV and minimum rate increase effective from 2019/20 under its preferred financial option (Scenario 3, 7% per annum for five years inclusive of the annual rate peg) and to exhibit the proposed amendments to this IP&R plans. The amended *Delivery Program 2018/19-2020/21* and the amended *Resourcing Strategy 2018/19-2027/28* were publicly exhibited from 1 November 2018 to 16 January 2019, concurrently with the SRV and minimum rate increase proposal (i.e. more than 28 days).

In summary, the key changes to the *Resourcing Strategy 2018/19-2027/28* were inclusion of 2017/18 actuals, adjustment of rate peg modelling following announcement of the 2019/20 rate peg by IPART and OLG's advice regarding future years; less conservative revenue forecasts and a reduced SRV period from seven (7) to five (5) based on the proposal to apply for a minimum rate increase; better than expected 2017/18 result; a reduced duration gives more certainty around medium term planning, enabling the next term of Council to consider its options in the next IP&R cycle; and proposed renewal expenditure supported by the

updated Asset Management Plans (per asset class).³ The key changes to the *Delivery Program 2018/19-2020/21* were reflective of those made to the *Resourcing Strategy 2018/19-2027/28*, inclusion of the projects carried over from 2017/18 and to highlight the projects possible under Scenarios 2 and 3.⁴

Note: Council's response to Criterion 4 (see Section 6) further details the IP&R processes and the community engagement/consultation undertaken to reach the decision to apply for a special variation/minimum rate increase.

2.2 Key purpose of special variation

At the highest level, indicate the key purpose(s) of the proposed special variation by marking one or more of the boxes below with an "x". The purpose should be directly related to the special variation being sought and should be further detailed in the sections below.

Maintain existing services	<input checked="" type="checkbox"/>
Enhance financial sustainability	<input checked="" type="checkbox"/>
Environmental services or works	<input type="checkbox"/>
Infrastructure maintenance / renewal	<input checked="" type="checkbox"/>
Reduce infrastructure backlogs	<input checked="" type="checkbox"/>
New infrastructure investment	<input checked="" type="checkbox"/>
Other (specify)	<input type="checkbox"/>

You should summarise below the key aspects of the council's application, including the purpose and the steps undertaken in reaching a decision to make an application.

The purpose of the proposed SRV (under the preferred option - Scenario 3) in the *Resourcing Strategy 2018/19-2027/28* is to:

- maintain existing services;
- enhance financial sustainability;
- increase infrastructure renewal expenditure to address deteriorating asset conditions; and
- deliver a number of high priority public domain and public recreation projects including upgrades to Bradfield Park South and St Leonards Park (inclusive of some new infrastructure).

Over the past decade Council has undertaken considerable work to ensure that it is managing its infrastructure assets responsibly. This includes developing a full register of assets, setting

³ Council suite of Asset Management Plans are available at https://www.northsydney.nsw.gov.au/Council_Meetings/Policies_Plans/Plans_of_Management/Asset_Management_Plans [accessed 31 January 2019]

⁴ Amended Resourcing Strategy 2018/19-2027/28 and Amended Delivery Program 2018/19-2020/21 (October 2018) as exhibited are available <https://yoursay.northsydney.nsw.gov.au/amended-ipr-plans> [accessed 31 January 2019]

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. *Special Schedule 7 - Report on Infrastructure Assets of the 2017/18 Financial Statements*⁵ estimates the cost to bring condition 5 (very poor) infrastructure assets to a satisfactory standard was \$45 million. These are the assets that require priority attention to improve their condition through remedial works and/or replacement. The combined total estimated cost to bring both condition 4 (poor) and condition 5 assets to a satisfactory standard was \$89.6 million, as shown in the following table - this table was included in Council report GMO01, 29 October 2018.

Asset Category	Asset Sub Category	Condition 4	Condition 5	Total Condition 4 and 5
Roads	Local Roads + Regional Roads	\$6.3 m	\$4.7 m	\$10.9 m
	Kerb and Gutter	\$4.4 m	\$0.7 m	\$5.1 m
	Traffic Facilities	\$0.5 m	\$0.1 m	\$0.6 m
	Street Furniture	\$1 m	\$0.1 m	\$1.1 m
Footpaths	(Footpaths) Roads + Parks + Walking Tracks	\$4.3 m	\$0.5 m	\$4.9 m
Stormwater Drainage	Stormwater and Drainage Assets	\$3.3 m	\$23.9 m	\$27.3 m
	Gross Pollutant Traps	\$0.4 m	\$1.1 m	\$1.5 m
Other Infrastructure	Public Lighting (Roads + Parks)	\$0.5 m	\$2.8 m	\$3.4 m
	Fences (Roads + Parks)	\$1 m	\$0.2 m	\$1.3 m
	Retaining Walls (Roads + Parks)	\$7 m	\$1.2 m	\$8.2 m
	Seawalls	\$10.7 m	\$0.6 m	\$11.3 m
	Marine Structures	\$1.7 m	\$0.7 m	\$2.4 m
Property	Buildings	\$2.1 m	\$0.1 m	\$2.2 m
	Other Open Space/Rec	\$0.8 m	\$7.9 m	\$8.7 m
	Land Improvements	\$0.3 m	\$0.4 m	\$0.8 m
TOTAL		\$44.6 m	\$45 m	\$89.6 m

The initial revenue projections of Scenario 3 will enable Council to maintain existing services and service levels, plus generate an estimated \$27 million additional funds over five (5) years, enabling Council to spend an additional \$14.3 million (over and above the \$26.2 million included in the *Delivery Program/Resourcing Strategy* in Scenario 1 i.e. \$40.5m in total) addressing the condition 5 (very poor) assets in Council's infrastructure backlog; and the remaining funds will enable the Council to undertake additional priority capital works inclusive; in particular, improvements to public space to meet community need and facilitate significantly increasing commercial and residential density, in accordance with the Greater Sydney Commission's plans, including the *North Distract Plan* (2018). These funds have been allocated to works programs/master plans adopted by Council but for which funds were not previously available. In summary, the SRV will be spent on:

- \$14.3m for asset renewal
- \$4.8m - St Leonards Park masterplan implementation
- \$4m - village upgrades in Neutral Bay, Cremorne, Kirribilli and McMahon's Point
- \$2m - Bradfield Park South masterplan implementation (remaining stages)

⁵ North Sydney Council Financial Statements 2017/18 are available at https://www.northsydney.nsw.gov.au/Council_Meetings/Financial/Financial_Report [accessed 31 January 2019]

- \$750,000 - improved drainage in Primrose Park and upgraded pedestrian access to Anderson Park
- \$700,000 - playground upgrades in Sirius St Reserve, Grasmere Children's Park and Merrett Playground
- \$480,000 - improved bushland walking trails in Badangi Reserve, Primrose Park, Brightmore Reserve and Gore Cove to Smoothey Park

The following is a summary of the steps taken in reaching the decision to make an application to IPART, inclusive of seven (7) Councillor Workshops/Briefings. The series of Councillor Workshops/Briefings, in addition to formal consideration of detailed reports at Ordinary meetings, enabled Councillors to discuss the proposal in detail with Council staff. Although not all Councillors attended the Workshops/Briefings, the notes/presentation slides from these sessions were distributed to all Councillors.

- 14 November 2017 - Councillor Workshop No. 1: IP&R Framework Review
- 20 November 2017 - Ordinary Council Meeting: resolved to adopted the Community Engagement Strategy and preparation timetable for the review of the Community Strategic Plan, which is also applicable to the review of the other components of Council's IP&R Framework (Report No. GMO04).
- 11 December 2017 - community consultation commenced (regarding Community Strategic Plan Review - Phase 1)
- 26 February 2018 - Councillor Workshop No. 2: IP&R Framework Review
- 12 March 2018 - Councillor Workshop No. 3: IP&R Framework Review
- 25 March 2018 - community consultation closed (regarding Community Strategic Plan Review - Phase 1)
- 9 April 2018 - Governance Committee meeting: Community Strategic Plan Review engagement findings presented (Report No. G02)
- 24 April 2018 - Cr Briefing: IP&R Framework Review - Draft IP&R plans No. 1 (Pre-reporting to Council)
- 30 April 2018 - Ordinary Council Meeting: resolved to receive and note the Community Strategic Plan Review engagement findings via adoption of Governance Committee minutes, 9 April 2018 (Report No. COS03)
- 1 May 2018 - Cr Briefing: IP&R Framework Review - Draft IP&R plans No. 2 (Pre-reporting to Council)
- 7 May 2018 - Extraordinary Council Meeting: resolved to endorse the Draft IP&R plans, inclusive of Scenario 3 as the proposed preferred financial option, for public exhibition (28 days)
- 10 May 2018 - community consultation commenced (regarding Draft IP&R plans, inclusive of Scenario 3 as the proposed preferred financial option)

- 7 June 2018 - community consultation closed (regarding Draft IP&R plans, inclusive of Scenario 3 as the proposed preferred financial option)
- 18 June 2018 - Cr Briefing: Post exhibition of Draft IP&R plans (submissions received)
- 25 June 2018 - Ordinary Council Meeting: resolved to adopt the *North Sydney Community Strategic Plan 2018-2028, Delivery Program 2018/19-2020/21* and the *Resourcing Strategy 2018/19-2027/28* (post exhibition), inclusive of Scenario 3 as its preferred financial option
- 20 July 2018 - Council staff meet with IPART to discuss proposed SRV and Minimum Rate Increase application (pre-planning)
- 15 October 2018 - Cr Briefing: discussed Proposed SRV and Minimum Rate Increase Application including proposed service reductions under Scenario 1, and the proposed program of works under Scenarios 2 and 3.
- 29 October 2018 - Ordinary Council Meeting: resolved to advise IPART of its intention to prepare a combined application for a SRV and Minimum Rate Increase, by reconfirming Scenario 3 as its preferred financial option; adopt Community Engagement Strategy; and endorse the public exhibition of proposed amendments to Council IP&R plans (i.e. the Amended IP&R plans).
- 1 November 2018 - community consultation commenced (regarding proposed SRV and Minimum Rate Increase, as well as Amended IP&R plans)
- 27 November 2018 - notice of intent to apply submitted to IPART
- 16 January 2019 - community consultation closed (regarding proposed SRV and Minimum Rate Increase, as well as Amended IP&R plans)
- 29 January 2019 - at its Ordinary Meeting the Council resolved to proceed with submitting to IPART a combined application for a SRV and minimum rate increase, in accordance with preferred Scenario 3. This is for a SRV and minimum rate increase of 7% per annum for five (5) years effective from the commencement of the 2019/20 financial year.

Note: Council's response to Criterion 4 (see Section 6) also details its IP&R processes and the community engagement/consultation undertaken to reach the decision to apply for a special variation, inclusive of details of the key document revisions (including Council minute extracts).

2.3 Existing s508A multi-year special variation

You should complete this section if the council has an existing s508A multi-year special variation instrument that will continue to apply in the period for which the council is seeking further changes to its general income.

If IPART decides to approve an increase to the council's general income in response to this application, it will vary the existing s508A multi-year special variation instrument. Therefore, by completing this application form and seeking a further change to your revenue path, you are in effect applying for a variation to that instrument.

When addressing the assessment criteria in the remainder of this application form, please take care to be clear about whether the information you are providing is in relation to the incremental increase being sought by the council or the total cumulative increase that may be reflected in a varied instrument (this would include the aspects of the application that have previously been approved by IPART).

Does the council have a s508A multi-year special variation instrument that will continue to apply in the period for which the council is seeking further increases to its general income Yes ☐ No ☒

If Yes:

- a) Over what period does the existing instrument apply? From _____ to _____
- b) What are the approved percentages for each year of the existing instrument? _____
- c) Briefly describe any significant changes of relevance since you submitted the application for the existing instrument.

Nil

2.4 Capital expenditure review

You should complete this section if the council intends to undertake major capital projects that are required to comply with the OLG's Capital Expenditure Guidelines, as outlined in OLG Circular 10-34. A capital expenditure review is required for projects that are not exempt and cost in excess of 10% of council's annual ordinary rates revenue or \$1 million (GST exclusive), whichever is the greater.

A capital expenditure review is a necessary part of a council's capital budgeting process and should have been undertaken as part of the Integrated Planning and Reporting requirements in the preparation of the Community Strategic Plan and Resourcing Strategy.

Does the proposed special variation require council to do a capital expenditure review in accordance with OLG Circular to Councils, Circular No 10-34 dated 20 December 2010 Yes ☒ No ☐

If Yes, has a review been done and submitted to OLG? Yes ☐ No ☒

Council *Resourcing Strategy* proposes the redevelopment of North Sydney Olympic Pool complex (NSOP), originally constructed (opened) in 1936, in Year 3 of the Long Term Financial Plan (LTFP), which is Year 2 of the proposed SRV period under all three scenarios. The LTFP indicated the following alterations under all three scenarios:

2018/19 \$1.5m
2019/20 \$2.5m

2020/21 \$24m

TOTAL \$28m

The need for the redevelopment is urgent with a 2013 (Geoff Ninnies Fong & Partners) structural engineering report recommending that the 50 metre outdoor pool should be replaced as soon as possible. A further engineer's report (Mott Macdonald Australia Pty Ltd 2018), identified the deteriorating structural condition of the Grandstand which is now subject to six-month structural engineering reviews.

The \$28m allocation was based on concept estimates developed in 2014 and will be refined in line with quality surveyor estimates as scope, architectural design and engineering are advanced. Cost escalation since initial concept estimates, together with scope refinement and improved estimate accuracy based on more detailed design, is likely to impact on final costs.

An engineering and design team has been commissioned to complete the necessary design documentation and preliminaries prior to tendering construction. A review will be conducted and submitted to OLG during 2019.

3 Assessment Criterion 1: Need for the variation

Criterion 1 in the OLG Guidelines is:

The need for, and purpose of, a different revenue path for the council's General Fund (as requested through the special variation) is clearly articulated and identified in the council's IP&R documents, in particular its Delivery Program, Long Term Financial Plan and Asset Management Plan where appropriate. In establishing need for the special variation, the relevant IP&R documents should canvass alternatives to the rate rise. In demonstrating this need councils must indicate the financial impact in their Long Term Financial Plan applying the following two scenarios:

- *Baseline scenario – General Fund revenue and expenditure forecasts which reflect the business as usual model, and exclude the special variation, and*
- *Special variation scenario – the result of implementing the special variation in full is shown and reflected in the General Fund revenue forecast with the additional expenditure levels intended to be funded by the special variation.*

The IP&R documents and the council's application should provide evidence to establish this criterion. This could include evidence of community need /desire for service levels/projects and limited council resourcing alternatives.

Evidence could also include the analysis of the council's financial sustainability conducted by Government agencies.

The response to this criterion should summarise the council's case for the proposed special variation. It is necessary to show how the council has identified and considered its community's needs, as well as alternative funding options (to a rates rise).

The criterion states that the need for the proposed special variation must be identified and clearly articulated in the council's IP&R documents especially the Long Term Financial Plan and the Delivery Program, and, where appropriate, the Asset Management Plan. The purpose of the proposed special variation should also be consistent with the priorities of the Community Strategic Plan.

3.1 Case for special variation – community need

In its application, the council should summarise and explain:

- ▼ How it identified and considered the community's needs and desires in relation to matters such as levels of service delivery and asset maintenance and provision.
- ▼ How the decision to seek higher revenues above the rate peg was made and which other options were examined, such as changing expenditure priorities or using alternative modes of service delivery.
- ▼ Why the proposed special variation is the most appropriate option: for example, typically other options would include introducing new or higher user charges and/or an increase in loan borrowings, or private public partnerships or joint ventures.

- ▼ How the proposed special variation impacts the Long Term Financial Plan forecasts for the General Fund and how this relates to the need the council identified. Our assessment will also consider the assumptions which underpin the council's Long Term Financial Plan forecasts.

In addressing this criterion, you should include extracts from, or references to, the IP&R document(s) that demonstrate how the council meets this criterion.

The need for a SRV was foreshadowed in Council's previous *Resourcing Strategy* (2013), in which the long term financial modelling under the then 'preferred' scenario (inclusive of a SRV), forecast the net surplus gradually falling over the remaining life of the plan (ending 2022/23), and deficits before capital grants and contributions following cessation of the approved SRV, which expired on 30 June 2018. [IPART's determination of Council's 2011/12 SRV application, approved in June 2011, considered it probable that the Council would need to seek a further special variation following cessation of the SRV which expired 30 June 2018.]

Several options were considered prior to considering a SRV. Rates and annual charges comprise 45% of Council's total income from continuing operations as at 30 June 2018. Council continuously pursues new revenue options when available. Council has for many years had an emphasis on the "user pays" principle with the full recovery of costs applied to the fees and charges process (policy position adopted in the 1980s). Whilst the Council continually explores new opportunities for additional user pays fees (further demonstrated in section 3.2), the need to increase renewal expenditure on infrastructure assets and the desire to provide improved public recreation space, as highlighted through the 2018 review of the *Community Strategic Plan*, and the 2016 *Customer Satisfaction Survey*, is placing greater pressure on general rate revenue. Other revenue streams include available grant funding, developer contributions, voluntary planning agreements, property rental income and Council's investment portfolio.

Scenario 1 incorporates savings/expenditure reductions in order to achieve a balanced budget. Where possible these have been proposed with minimal impact on service levels. However, while full cessation of any existing service has been avoided, frequency of service or response in a number of areas will inevitably be impacted. Fact Sheet No. 1 details these proposed savings (**ATTACHMENT 9**).

Scenario 1 is not considered financially sustainable as further reductions in expenditure or revenue increases would still be required at the end of 2023/24 and infrastructure condition would deteriorate from lack of renewal funding. Scenarios 2 and 3 would enable Council to remain financially sustainable over the medium to long term. Scenario 3 provides greater capacity to address deteriorating asset condition, meet high community expectations with delivery of public space improvements and place the Council in a more robust position to respond to any emerging financial shocks.

Council's previously approved SRV (5.5% per annum for seven years) was not applicable to ratepayers on the minimum rate. This meant that the previous variation was not paid by the majority of ratepayers - at the time of approval 82.36% residential ratepayers and 41.13% business ratepayers were paying the minimum rate.

The need for the current proposed SRV, and minimum rate increase, was initially communicated to the community via the *Draft Resourcing Strategy 2018/19-2027/28*, which was

publicly exhibited between 10 May and 7 June 2018. The following is an extract⁶ from page 5 the publicly exhibited *Draft Resourcing Strategy 2018/19-2027/28*, which was ultimately adopted on 25 June 2018, with Scenario 3 as the preferred scenario:

Scenario 1 is based on revenue being limited to the annual rate cap, which has been modelled at 2.3% till 2021/22 and 2.8% thereafter to 2027/28. This is not the ideal scenario as it will result in a decline in our capacity and will not meet the expectations of the community as reflected in the community strategic plan consultation i.e. we cannot continue to deliver services and infrastructure at the rate of the past three years and remain financially viable.

Scenarios 2 and 3 are both based on rate revenue being restricted to the 2.3% cap in 2018/19 followed by increases of 5.5% and 7% respectfully thereafter. Scenario 2 would allow Council to maintain existing services but limit capacity to maintain infrastructure to the high standard demanded by the community and provide minimal capacity to expand services. Scenario 3 more closely represents community expectations on services as reflected in the Community Strategic Plan consultation. It would enable the high level of services demanded by the community to be maintained, maintenance of infrastructure to a high standard and some capacity to expand services to meet growth and changing demands.

Should the Council resolve to propose a rate variation above the rate cap (effective from 2019/20) in order to follow scenario 2 or 3, extensive consultation will occur with ratepayers in late 2018.

3.2 Financial sustainability

The proposed special variation may be intended to improve the council's underlying financial position for the General Fund, or to fund specific projects or programs of expenditure, or a combination of the two. We will consider evidence about the council's current and future financial sustainability and the assumptions it has made in coming to a view on its financial sustainability.

You should explain below:

- ▼ The council's understanding of its current state of financial sustainability, its long-term projections based on alternative scenarios and assumptions about revenue and expenditure.
- ▼ Any external assessment of the council's financial sustainability (eg, by auditors, NSW Treasury Corporation). Indicate how such assessments of the council's financial sustainability are relevant to supporting the decision to apply for a special variation.
- ▼ The council's view of the impact of the proposed special variation on its financial sustainability.

North Sydney Council's mission states:

To be leading edge in serving the community of North Sydney by caring for its assets, improving its appearance and delivering services to people in a financially, socially and environmentally responsible manner.

⁶ Draft Resourcing Strategy 2018/19-2027/28 (May 2018) available at <https://yoursay.northsydney.nsw.gov.au/ipr-framework-review> [accessed 31 January 2019]

The intention of the application is to improve the long term financial sustainability of North Sydney Council, with the objective of delivering operating surpluses, maintain existing services at current levels and provide sufficient funds for infrastructure renewal.

In March 2012, TCorp was commissioned by the Minister for Local Government to prepare reports on all NSW councils in respect to financial sustainability. TCorp's definition of financial sustainability is "a local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the level of service and infrastructure agreed with its community"⁷. In April 2013, North Sydney Council was assessed as having a Financial Sustainability Rating (FSR) of "Moderate" with an outlook of "Neutral" for the subsequent three years. Achieving a Moderate level FSR was considered to be the base target level and a Neutral outlook suggests that there is no change forecast. TCorp's main findings/recommendations were (**ATTACHMENT 2**):

- operating deficits are unsustainable
- the "No-debt policy" is not recommended
- asset management planning is crucial
- depreciation methodologies must be appropriate
- rate increases must meet underlying costs

TCorp's 2013 feedback was used to inform the preparation of the previous *Resourcing Strategy* (2013). In response, the previous *Resourcing Strategy* (2013) introduced the use of debt to fund capital projects, increase expenditure for infrastructure asset condition audits to improve Council's long term asset management planning and as a result, successfully applied for a SRV, effective from 2011/12 to 2017/18.

In October 2015, the NSW Government and IPART released the final report on the reform process to assess NSW councils Fit for the Future (FFTF) performance. North Sydney Council was deemed to be "not fit". The assessment found that Council "satisfies overall" the financial criteria, in particular sustainability and infrastructure and service management, but did not satisfy the efficiency criteria; nor the scale and capacity criteria. The assessment also noted that its FFTF proposal, that Council "relies on the successful application for and adoption of a special variation in 2019/20 of 7.0% cumulative".⁸

The most recent external assessment of the Council's financial sustainability is the audited *2017/18 Financial Statements*⁹, Council received an unqualified external audit report, which was signed off by the NSW Auditor General's Office on 30 October 2018 (**ATTACHMENT 3**). Rates revenue received in 2017/18 was 37% of total income from continuing operations (excluding capital grants and contributions) which highlights the need for the SRV increase; This compares to 46.8% of OLG Group 3 councils average and to 43.6% for neighbouring

⁷ TCorp, Financial Sustainability of the New South Wales Local Government Sector, April 2013 page 18 <https://www.olg.nsw.gov.au/news/tcorp-report-financial-sustainability-new-south-wales-local-government-sector-19-april-2013pdf> [accessed 31 January 2019]

⁸ Assessment of Councils Fit for the Future Proposals, IPART, October 2018, Pages 308 and 2018 https://www.ipart.nsw.gov.au/files/sharedassets/website/shared-files/investigation-section-9-legislative-requirements-review-of-local-council-fit-for-the-future-proposals/final_report_-_assessment_of_council_fit_for_the_future_proposals_-_october_2015.pdf [accessed 31 January 2019]

⁹ North Sydney Council Financial Statements 2017/18, North Sydney Council Available at https://www.northsydney.nsw.gov.au/Council_Meetings/Financial/Financial_Report [accessed 31 January 2019]

councils average whose rates revenue represents on average of total income from continuing operations (excluding capital grants and contributions) - Lane Cove 46.8%, Mosman 41.6% and Willoughby 42.5%¹⁰. All other sources of income are totally reliant upon external annual variations and are subject to market movements. In particular construction activity which is anticipated to reduce gradually from 2021/22 for five (5) years as factored into the LTFP.

The 2017/18 *Income Statement* indicates User Fees and Charges have increased by 11.38% from the previous year and 30.36% from 2015/16. Additional revenue generated from increased development in the North Sydney CBD was the main reason for the favourable variance. Construction Zone Permits, fees revenue from other development fees and Hoarding Permit fees contributed to the increased revenue. It is anticipated that the high levels of construction activity in the LGA is unsustainable, which will have an impact on the revenue projections in coming years.

The following table provides a summary of Council's Income Statements from 2008/09 to 2017/18 - this information was included in the Information Session presentation slides¹¹:

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income from Continuing Operations										
Rates & Annual Charges	33,886	35,196	37,157	38,968	40,789	43,550	46,336	49,000	51,477	56,316
User Charges & Fees	18,962	18,180	19,335	20,624	21,056	22,709	24,812	25,474	29,814	33,208
Interest & Investment Revenue	1,173	2,783	3,437	3,770	4,280	4,022	4,613	3,968	3,561	2,653
Other Revenues	12,975	22,601	14,868	16,110	29,797	35,005	20,184	28,507	23,496	17,835
Grants & Contributions provided for Operating Purposes	3,780	3,534	3,697	4,462	3,841	3,457	4,656	6,118	6,689	4,489
Grants & Contributions provided for Capital Purposes	5,914	6,761	5,369	6,909	3,443	11,414	15,543	47,704	18,480	8,625
Net Gains from the Disposal of Assets	122	-	143	129	1,542	-	75	25	-	-
Net Share of Interests in Joint Ventures & Associated Entities using the Equity Method	-	-	10	20	-	-	-	-	-	-
Total Income from Continuing Operations	76,812	89,055	84,016	90,992	104,748	120,157	116,219	160,796	133,517	123,126
Expenses from Continuing Operations										
Employee Benefits & On-Costs	29,807	30,877	32,848	33,611	34,811	35,559	38,756	40,544	41,367	41,680
Borrowing Costs	-	-	-	-	-	-	-	277	302	302
Materials & Contracts	23,006	22,485	23,326	25,932	27,757	29,275	30,891	34,421	34,159	36,734
Depreciation & Amortisation	12,022	10,875	14,597	14,469	15,044	15,283	15,684	15,536	16,786	19,127
Other Expenses	10,102	7,090	7,720	7,914	8,704	8,442	8,308	8,436	8,343	8,776
Net Losses from the Disposal of Assets	-	49	-	-	-	4,851	-	-	5,194	692
Net Share of Interests in Joint Ventures & Associated Entities using the Equity Method	17	25	-	-	8	4	5	22	1	20
Total Expenses from Continuing Operations	74,954	71,401	78,491	81,926	86,324	93,414	93,644	99,236	106,152	107,331
Net Operating Result	1,858	17,654	5,525	9,066	18,424	26,743	22,575	61,560	27,365	15,795
Net Operating Result before Grants & Contributions provided for Capital Purposes	(4,056)	10,893	156	2,157	14,981	15,329	7,032	13,856	8,885	7,170
Fair Value Adjustments/Impairment Losses/Reversals - Investments	916	(912)	52	(500)	(407)	(73)	(168)	175	(227)	11
Fair Value Adjustments - Investment Properties	2,641	(9,115)	(1,188)	(2,062)	(15,308)	(20,620)	(4,920)	(12,803)	(5,233)	212
Fair Value Adjustments - Community Land	-	-	-	-	-	-	-	245	(245)	-
Net Operating Result before Grants & Contributions provided for Capital Purposes & Fair Value Adjustments	(499)	866	(980)	(405)	(734)	(5,364)	1,944	1,473	3,180	7,393

The LTFP is an important component of the strategic planning process required for financial sustainability. It establishes the financial framework upon which sound and informed decisions are made. The LTFP is not intended to indicate what services or projects should receive funding, rather it addresses the impact and Council's ability to fund its services and capital works, at the same time ensuring the financial implications resulting from the plan are sustainable.

¹⁰ Comparison sourced from the respective Financial Statements 2017/18 of the neighboring councils and OLG Group 3 councils (not including Bayside Council) [accessed 8 February 2019]

¹¹ The SRV Information Session Presentation slides are available from the 'Document Library' at <https://yoursay.northsydney.nsw.gov.au/proposed-srv> [accessed 31 January 2019]

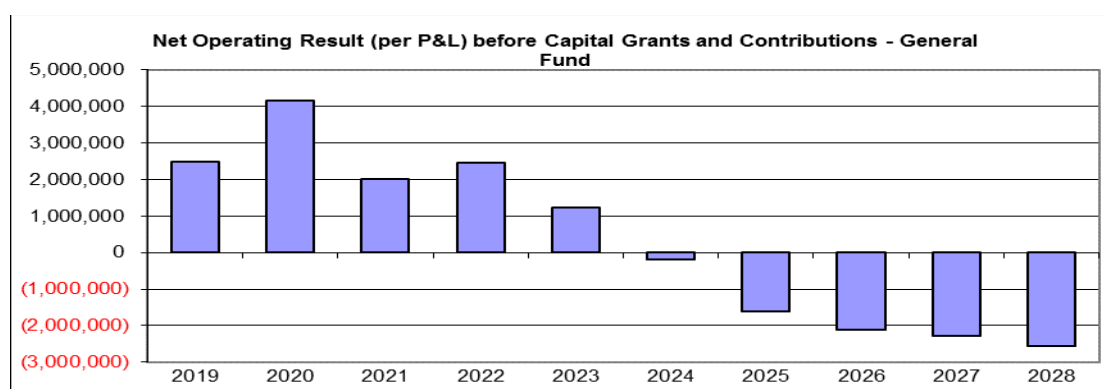
The LTFP has been modelled on three possible scenarios, which have been developed to demonstrate the need to ensure a sustainable operating surplus is essential in meeting community and asset expectations.

The scenarios reflect the impact of changes in assumptions and are as follows:

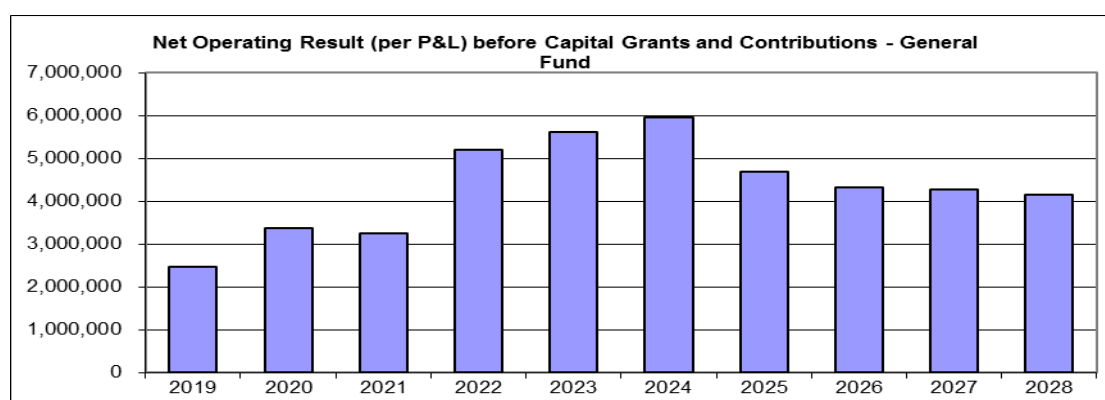
Scenario	Description
Scenario 1 (Base Case)	This scenario reflects the implementation of the annual IPART determination (rate peg) as the basis of rates revenue projections. It results in a decline in Council's capacity to provide current levels of service.
Scenario 2	Incorporating a 5.5% SRV for five (5) years, inclusive of the annual rate peg, commencing in 2019/20 (Year 2) - to maintain existing services and invest an additional \$15.3m in infrastructure)
Scenario 3 (Preferred)	Incorporating a 7.0% SRV for five (5) years, inclusive of the annual rate peg, commencing in 2019/20 (Year 2) - to maintain existing services and invest \$27.1m in infrastructure)

The following demonstrates Council's view of the impact the proposed special variation will have on its financial sustainability.

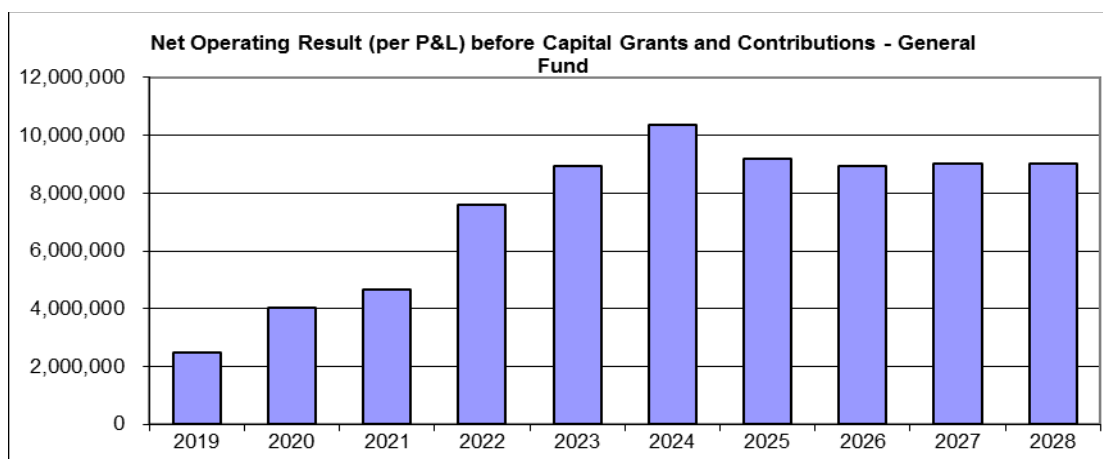
The Net Operating Result of Scenario 1 (base case/reduce services) - indicates a deteriorating position and ultimately going into deficit in 2023/24.



The Net Operating Result of Scenario 2 - indicates a stable surplus position.



The Net Operating Result of Scenario 3 - indicates an improving surplus position.



The modelling shows that without the SRV, Council will not only be unable to undertake the projects identified in the community consultation process but the medium to long term financial sustainability will experience considerable pressure in an attempt to maintain the current level of services and infrastructure renewals.

As detailed in the LTFP Scenario 3, that includes the proposed SRV of 7% for five (5) years inclusive of rate peg, and applicable to ratepayers on minimum rate, will provide the required funds to address Council's future funding needs.

3.3 Financial indicators

How will the proposed special variation affect the council's key financial indicators (General Fund) over the 10-year planning period? Please provide, as an addendum to the Long Term Financial Plan, an analysis of council's performance based on key indicators (current and forecast) which may include:

- ▼ Operating performance ratio excluding capital items (ie, net operating result excluding capital grants and contributions as percentage of operating revenue excluding capital grants and contributions).
- ▼ Own source revenue ratio (ie, total operating revenue excluding capital items as a percentage of total operating revenue including capital items).
- ▼ Building and asset renewal ratio (ie, building and infrastructure asset renewals as a percentage of building and infrastructure depreciation, amortisation and impairment)
- ▼ Infrastructure backlog ratio (ie, estimated cost to bring assets to satisfactory condition as a percentage of total (written down value) of infrastructure, buildings, other structures, depreciable land and improvement assets)
- ▼ Asset maintenance ratio (ie, actual asset maintenance as a percentage of required asset maintenance).
- ▼ Debt service ratio (principal and interest debt service costs divided by operating revenue excluding capital grants and contributions).

- ▼ Unrestricted current ratio (the unrestricted current assets divided by unrestricted current liabilities).
- ▼ Rates and annual charges ratio (rates and annual charges divided by operating revenue).

The following ratios details how the proposed SRV will affect Council's key financial indicators (General Fund) over the period 2018/19 to 2027/28 (i.e. the life span of the adopted *Resourcing Strategy/Community Strategic Plan*).

Operating Performance Ratio (excludes capital items) - with the industry standard being >0.00%, this ratio falls below the benchmark in 2023/24 without the additional revenue required from the SRV. These ratios include Fair Value adjustments, which are not included in the Council's corresponding ratios in the *Financial Statements* and the *Resourcing Strategy* (LTFP).

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Operating Performance Ratio (7% SRV)	1.86%	3.11%	3.60%	5.73%	6.57%	7.37%	6.38%	6.07%	5.97%	5.81%	5.35%
Operating Performance Ratio (Rate Peg)	1.86%	3.24%	1.42%	1.74%	0.69%	-0.48%	-1.59%	-1.96%	-2.05%	-2.20%	-2.69%

Own Source Operating Revenue Ratio - this ratio measures fiscal flexibility and indicates the degree of reliance on external funding. North Sydney Council is in a fortunate position where revenues are generated internally from rates, user charges and other revenues.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Own Source Operating Revenue Ratio (7% SRV)	91.97%	93.39%	93.52%	94.53%	94.63%	94.73%	94.75%	94.76%	94.80%	94.84%	94.86%
Own Source Operating Revenue Ratio (Rate Peg)	91.97%	93.33%	93.31%	94.25%	94.24%	94.24%	94.25%	94.27%	94.31%	94.35%	94.38%

Building and Infrastructure Renewals Ratio - assesses the rate at which these assets are being renewed, relative to their rate of depreciation. Council is committed to asset management improvements and has prepared the Resourcing Strategy with this objective high on the agenda.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Buildings and Infrastructure Renewals Ratio (7% SRV)	100.30%	118.00%	218.90%	126.70%	117.50%	117.30%	117.90%	115.90%	114.00%	112.20%	110.20%
Buildings and Infrastructure Renewals Ratio (Rate Peg)	100.30%	99.50%	208.70%	95.50%	93.40%	91.40%	89.40%	87.40%	85.50%	83.70%	81.70%

Infrastructure Backlog Ratio - The proportion the backlog is against the total value of Council's infrastructure. The industry benchmark is 2% and without the SRV increase, this ratio benchmark will not be achieved.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Infrastructure Backlog Ratio (7% SRV)	5.36%	4.06%	2.77%	1.58%	0.52%	0.00%	0.00%	0.00%	0.00%	0.10%	0.42%
Infrastructure Backlog Ratio (Rate Peg)	5.50%	4.83%	4.21%	3.94%	3.78%	3.72%	3.74%	3.84%	4.03%	4.28%	4.60%

Asset Maintenance Ratio - compares actual v's required annual asset maintenance. This ratio is an indication that Council has been allocating sufficient funds to the maintenance of infrastructure assets in order to prevent further deterioration and increased backlog. The industry benchmark is 100% and as indicated, it is Council's intention to achieve this ratio.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Asset Maintenance Ratio (7% SRV)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Asset Maintenance Ratio (Rate Peg)	100.00%	98.00%	97.80%	98.40%	98.40%	98.40%	98.40%	98.40%	98.40%	98.40%	98.40%

Debt Service Ratio – the amount of general income that is used to repay debt and interest charges. The benchmark is >0% and <20%. North Sydney Council use of debt loan funds are a resource to fund the replacement and upgrading of existing infrastructure and fund the creation of new infrastructure.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Debt Service Ratio (7% SRV)	0.80%	1.00%	2.20%	2.10%	2.00%	2.00%	1.90%	1.90%	1.80%	1.80%	1.20%
Debt Service Ratio (Rate Peg)	0.80%	1.00%	2.30%	2.20%	2.20%	2.10%	2.10%	2.10%	2.00%	2.00%	1.30%

Unrestricted Current Ratio - is a reflection of Council's ongoing capacity to meet obligations for unrestricted activities. Council has identified in the LTFP that loan borrowings will be utilised as an additional revenue source to address infrastructure renewal projects.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Unrestricted Current Ratio (7% SRV)	1.87	2.99	2.03	2.18	2.26	2.35	2.58	2.80	3.02	3.34	4.47
Unrestricted Current Ratio (Rate Peg)	2.21	3.17	2.17	2.39	2.44	2.43	2.42	2.41	2.41	2.49	2.53

Rates and Annual Charges Ratio - this ratio measures the reliance of rates and annual charges as a percentage of total Operating revenue. With the SRV, Council can be assured that a predictable revenue stream is possible, without the reliance of revenues which are externally influenced by factors, and beyond the control of Council.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Rates and annual charges ratio (7% SRV)	50.62%	51.35%	53.54%	53.82%	54.86%	55.89%	56.19%	56.46%	56.46%	56.45%	56.39%
Rates and annual charges ratio (Rate Peg)	50.62%	50.24%	51.81%	51.24%	51.41%	51.56%	51.86%	52.14%	52.14%	52.14%	52.07%

4 Assessment criterion 2: Community awareness and engagement

Criterion 2 in the Guidelines is:

Evidence that the community is aware of the need for and extent of a rate rise. The Delivery Program and Long Term Financial Plan should clearly set out the extent of the General Fund rate rise under the special variation. In particular, councils need to communicate the full cumulative increase of the proposed special variation in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category. The council's community engagement strategy for the special variation must demonstrate an appropriate variety of engagement methods to ensure community awareness and input occur. The IPART fact sheet includes guidance to councils on the community awareness and engagement criterion for special variations.

Our fact sheet on the requirements for community awareness and engagement is available on the IPART website.¹²

In responding to this criterion, the council must provide evidence that:

- ▼ it has consulted and engaged the community about the proposed special variation using a variety of engagement methods and that the community is aware of the need for, and extent of, the requested rate increases
- ▼ it provided opportunities for input and gathered input/feedback from the community about the proposal, and
- ▼ the IP&R documents clearly set out the extent of the requested rate increases.

In assessing the evidence, we will consider how transparent the engagement with the community has been, especially in relation to explaining:

- ▼ the proposed cumulative special variation rate increases including the rate peg for each major rating category (in both percentage and dollar terms)
- ▼ the annual increase in rates that will result if the proposed special variation is approved in full (and not just the increase in daily or weekly terms)
- ▼ the size and impact of any expiring special variation (see Box 4.1 below for further detail), and
- ▼ the rate levels that would apply without the proposed special variation.

More information about how the council may engage the community is to be found in the Guidelines, the IP&R manual and our fact sheet.

¹² <https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/For-Councils/Apply-for-a-special-variation-or-minimum-rate-increase>

Box 4.1 Where a council is renewing or replacing an expiring special variation

The council's application should show how it has explained to its community:

- ▼ There is a special variation due to expire at the end of the current financial year or during the period covered by the proposed special variation. This needs to include when the expiring special variation was originally approved, for what purpose and the percentage of (General Fund) general income originally approved.
- ▼ The corresponding percentage of general income that the expiring special variation represents for the relevant year.
- ▼ Whether the temporary expiring special variation is being replaced with another temporary or a permanent increase to the rate base.
- ▼ The percentage value of any additional variation amount, above the rate peg, for which the council is applying through a special variation.
- ▼ If the proposed special variation was not approved (ie, only the rate peg applies), the year-on-year change in rates would be lower, or that rates may fall.

The council also must attach, to its application to IPART, a copy of the Instrument of Approval that has been signed by the Minister or IPART Chair.

Box 4.2 Where a council has an existing s508A special variation and is applying for an additional s508(2) special variation

The council's application should demonstrate that it has explained to its community:

- ▼ There is a special variation already in place for the current year and the size of that special variation.
- ▼ The size and impact of the additional special variation proposed and its purpose.
- ▼ The cumulative annual increase in rates from the existing and proposed special variation together.

4.1 The consultation strategy

The council is required to provide details of the consultation strategy undertaken, including the range of methods used to inform and engage with the community about the proposed special variation and to obtain community input and feedback. The engagement activities could include media releases, mail outs, focus groups, statistically valid random or opt-in surveys, online discussions, public meetings, newspaper advertisements and public exhibition of documents.

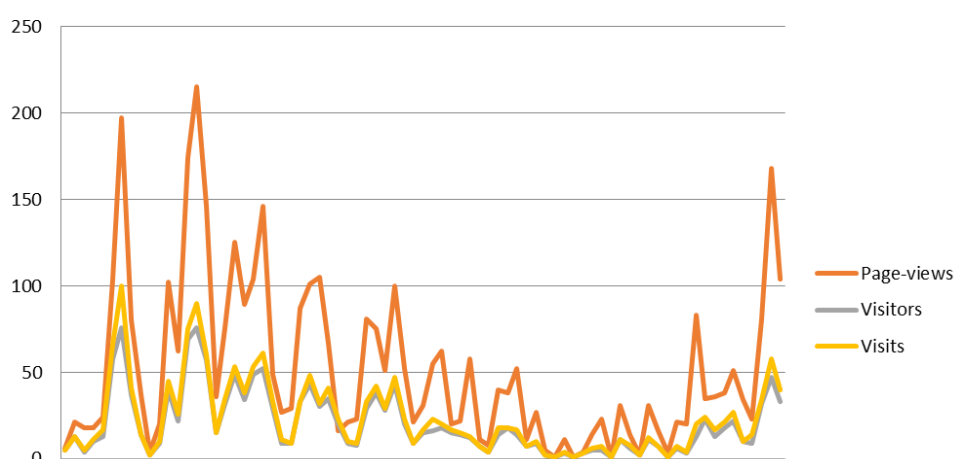
The council is to provide relevant extracts of the IP&R documents that explain the rate rises under the proposed special variation and attach relevant samples of the council's consultation material.

North Sydney Council prepared the project-specific *Community Engagement Strategy* (ATTACHMENT 4) in accordance with its *Community Engagement Protocol*, and with reference

to IPART's *Fact Sheet: Community Awareness and Engagement (2017)*¹³. The *Community Engagement Strategy* detailed the range of methods to be used to 'inform' the community of the need for and extent of a rate rise, and the 'consult' opportunities by which the community could provide feedback to Council (and to IPART) as to their preferred scenario, including program of works and willingness to pay. The 2.5-month engagement program enabled the Council to widely consult and gave ample time for the community, in particular ratepayers (including non-residential/international ratepayers) to become aware of the need for and extent of the proposed rate rise.

The proposal/opportunity to have a say was promoted via a banner on the home page of Council's website (plus as a news item and Have Your Say listing) and online engagement platform (as a dedicated webpage)¹⁴, with the latter automatically accessible via Council's website (Have Your Say listing). During the engagement period there were 21,194 viewers who potentially saw the home page banner, 233 clicks on the News Item and 423 clicks to the dedicated webpage.

The following chart, extracted from the dedicated website (Your Say North Sydney) shows the number of visits and page views¹⁵ of the dedicated webpage. The maximum number of views per day was 215. The maximum number of visits¹⁶ per day was 100.



The following table summarises the 'level of engagement' via the webpage; 277 of the 653 'informed' visited multiple pages:

Level of Engagement	No.
Aware - visited project or tool page	1,328
Informed - performed an action e.g. downloaded a document	653
Engaged - contributed (completed feedback form)	411

The following table details the main online document downloads/views, giving indication of the documents inspected by those 'informed':

¹³ Note: IPART's 2018 Fact Sheet was released on 15 November 2018, which was after Council had adopted its Engagement Strategy and commenced consultation.

¹⁴ <https://yoursay.northsydney.nsw.gov.au/proposed-srv>

¹⁵ Total occasions a page is loaded.

¹⁶ Total unique visits by individuals.

Document/Widget	Downloads/Views
Information Sheet	152
Fact Sheet No. 1 - Scenario 1	64
Key Dates	59
Fact Sheet No. 2 - Scenario 2	55
FAQS	50
Information Sessions Presentation Slides	41
Fact Sheet No. 3 - Scenario 3	40
Council report GMO01 - 29 October 2018	19

Seven (7) adverts were run in the local papers. Appendix 1 to **ATTACHMENT 5** details the adverts that were included in the Mosman Daily, which is distributed to the majority of the LGA, and the North Shore Times, which is distributed to a small portion of the LGA.

A media release (**ATTACHMENT 6**) was issued on 1 November 2018. The proposal/opportunity to have a say received the following media coverage - refer to Appendix 2 to **ATTACHMENT 5** for the media clippings:

- 8 November 2018 - Mosman Daily, Rate rise plan splits Council as residents wait, p. 4
- 22 November 2018 - Mosman Daily, Rate rises should be none of their business (letter to the editor), p. 33
- 29 November 2018 - Mosman Daily, Wastes of money can be found all around us (letter to the editor), p. 28
- Monday 3 December 2018 - Channel 7, part of story responding to IPART's media release listing the 14 councils who submitted intent to apply
- Monday 3 December 2018 - Channel 9, part of story responding to IPART's media release listing the 14 councils who submitted intent to apply
- Thursday 6 December 2018 - Mosman Daily, Closure congestion, (letter to the editor), p. 35
- December 2018, Issue 94 - North Shore Living, Rate Rise Panic, p. 8
- Tuesday 15 January 2019 - Mosman Daily (online edition), North Sydney Council rates rise questioned by residents¹⁷
- Thursday 17 January 2019 - Mosman Daily, Local rate expectations remain low, p. 7
- Thursday 7 February 2019 - Mosman Daily, Rate rise row as ex-councillor slams survey, p. 8

All ratepayers were informed of Council's intention to apply for a rate variation and minimum rate increase. A Direct Letter (**ATTACHMENT 7**) outlining the proposed variation was sent to all residential and business ratepayers accompanied by a 4-page Information Sheet (**ATTACHMENT 8**). The back page of the letter included translated information and refers to Council's Translating and Interpreting Service (TIS).

The Information Sheet included an indicative calculator showing the average proposed residential and business rate per scenario, and for various land value ranges. It detailed the proposed program of works to be funded by the additional income raised by Scenarios 2 and

¹⁷ <https://www.dailytelegraph.com.au/newslocal/mosman-daily/rate-rise-plans-split-council-as-residents-wait/news-story/> [accessed 16 January 2019]

3; the service reductions proposed under Scenario 1 to achieve a balanced budget; and how to get involved in the consultation process.

The majority of ratepayers (n=24,696) received the Direct Letter and Information Sheet via post, and 2,916 ratepayers receive theirs via email, helping to reduce the printing/postage cost. Council identified 8,694 rate paying properties (as at 21 October 2018) where the nominated address was a real estate agent, suggesting that these properties are most likely an investment property. As many local real estate agents manage multiple properties, to make it easier for investors to take part in the engagement, staff sent one unique email to each real estate agent with a list of property addresses they manage and ask them to forward it onto the ratepayer. This meant real estate agents didn't receive numerous letters in the post to action and postage costs associated with the Direct Letter mail out were further reduced. Council received positive feedback from real estate agents regarding this approach.

Council produced a series of Fact Sheets (**ATTACHMENT 9**) that were made available from Council's website, the Customer Service Centre, Stanton Library and the Information Sessions and Drop-in Kiosks:

- Fact Sheet 1: Scenario 1 - Reduced Services
- Fact Sheet 2: Scenario 2 - Proposed Projects
- Fact Sheet 3: Scenario 3 - Proposed Projects

The proposal/opportunity to have a say was promoted via signage/posters and flyers, available at the Customer Service Centre, Stanton Library, North Sydney Olympic Pool and Coal Loader Centre for Sustainability and in community noticeboards (n=60) throughout the LGA.

In addition to promotion via the weekly Precincts E-news (sent to all Precinct Office Bearers for distribution on to their members), the proposal/opportunity to have a say was also promoted via Council's various other E-newsletter subscriptions, as detailed in the following table:

Date	Subscription	No. subscribers	No. unique opens	Total opens*	No. SRV related link clicks
14/01/19	Business E-news	672	230	493	1
28/12/18	Stanton E-news	1,498	754	1,776	3
19/12/18	Council E-news	1,071	445	1,083	4
19/12/18	Bushcare Summer E-news	1,207	477	1,086	5
6/12/18	Special SRV E-news	866	393	1,093	34
5/12/18	Business E-news	663	221	474	1
3/12/18	Stanton E-news	1,491	778	1,491	5
29/11/18	Green Events	2,996	1,230	2,370	13
8/11/18	Business E-news	656	216	519	3
6/11/18	Special SRV E-news	381	189	510	24
6/11/18	Council E-news	1,056	507	1,032	22

Source: Campaign Monitor (extracted 18 January 2019) [* opened more than one]

The proposal/opportunity to have a say was promoted via Council's social media channels. Appendix 3 to **ATTACHMENT 5** shows the various social media posts. The statistics below demonstrate that a significant number of community members were aware of the proposal, including the Information Sessions. The following table details the level of engagement via

Facebook:

Date	Post	Reach	Reactions	Shares	Comments
06/11/18	Post 1	4,616	31	6	4
12/11/18	Post 2	1,730	9	0	0
16/11/18	Post 3	3,989	12	1	0
20/11/18	Post 4	709	6	0	0
03/12/18	Post 5	4,569	23	4	9
08/01/19	Post 6	4,645	24	2	0

The following table details the level of engagement via Twitter:

Date	Post	Reach	Comments	Retweets	Comments on Retweets
06/11/18	Post 1	1,865	1	0	0
12/11/18	Post 2	1,813	0	1	0
16/11/18	Post 3	885	0	0	0
20/11/18	Post 4	1,145	0	1	0
03/12/18	Post 5	1,382	0	1	1
08/01/19	Post 6	576	0	1	1

The following table details the level of engagement via Instagram:

Date	Post	Likes	Comments
06/11/18	Post 1	69	2
12/11/18	Post 2	7	0
16/11/18	Post 3	72	1
02/11/18	Post 4	65	1
03/12/18	Post 5	86	1
08/01/18	Post 6	82	0

Over 30 people attended the Information Sessions as detailed in the table below. The fourth session was called in response to community feedback that there was insufficient notice of the first event. The sessions were primarily promoted by social media, E-newsletters, adverts and webpage. The level of awareness per inform method used it detailed above.

Dates	Venue	No.
7 November	North Sydney Leagues Club (Norths), Cammeray	0
12 November	Hutley Hall, North Sydney	9
22 November	Neutral Bay Club, Neutral Bay	14
12 December	Hutley Hall, North Sydney	9
TOTAL		32

The following photo is from one of the Information Sessions.



Eight (8) Drop-in Information Kiosks were held, providing the opportunity to talk one on one with staff about the proposal. The following table details the dates and venues, showing that the locations were distributed across both the duration of the engagement period the LGA. Staff discussed the proposal in detail with 141 people; this figure does not include the total number of people to which information was distributed. Collectively, hundreds of people passed by the kiosks held at markets/shopping villages where as the others were standalone events (*), with the majority intentionally attending.

Dates	Venue	No.
11 November 2018	Kirribilli Art Design & Fashion Markets	24
14 November 2018	Brett Whiteley Place, North Sydney *	15
17 November 2018	Ros Crichton Pavilion during the Northside Produce Markets	9
21 November 2018	Grosvenor Lane Carpark, Neutral Bay *	26
25 November 2018	Coal Loader Artisans Market	20
1 December 2018	Ros Crichton Pavilion during the Northside Produce Markets	3
4 December 2018	Crows Nest Centre *	2
12 January 2019	Cammeraygal Place, Cammeray Village (between Miller St and car park) *	42
TOTAL		141

The following photos are examples of the Drop-in Information Kiosks held at local markets:



Additionally, staff received over 40 phone calls and emails from people wanting more information about the proposal during the engagement period.

Pages 17 to 20 (extracts below) of the amended *Delivery Program* (which was concurrently exhibited with the SRV/minimum rate increase proposal) shows how Council explained the proposed rate rise/minimum rate increase. Note: red/italics font was used to highlighted the amendments to the original document.

HOME	INTRODUCTION	NORTH SYDNEY IN PROFILE	RESOURCING THE PLAN	DIRECTION 1: OUR LIVING ENVIRONMENT	DIRECTION 2: OUR BUILT INFRASTRUCTURE	DIRECTION 3: OUR FUTURE PLANNING	DIRECTION 4: OUR SOCIAL VITALITY	DIRECTION 5: OUR CIVIC LEADERSHIP	APPENDIX
<h2>PROPOSED SPECIAL VARIATION & MINIMUM RATE INCREASE</h2> <p>Council's final (post exhibition) IPR Framework was presented to the Council at its meeting of 25 June 2018. At this meeting Council resolved to adopt the:</p> <ul style="list-style-type: none"> North Sydney Community Strategic Plan 2018-2028; North Sydney Council Resourcing Strategy 2018/19-2027/28, inclusive of Scenario 3 as the preferred financial scenario, which requires a special variation; and North Sydney Council Delivery Program 2018/19-2020/21, including the revised forecast estimates for the period 2018/19 to 2020/21 prepared under Scenario 3 of the Resourcing Strategy. <p>A special rate variation (SRV) allows NSW councils to increase their general income above the rate peg. Applications are determined by the Independent Price and Regulatory Tribunal (IPART).</p> <p>Council at its meeting of 29 October 2018 resolved to endorse for public exhibition, proposed amendments to its Delivery Program and Resourcing Strategy regarding the scenario modelling.</p> <p>North Sydney Council Delivery Program 2018/19-2020/21</p>				<p>On 11 September 2018, IPART set the 2019/20 rate peg at 2.7% (it was 2.3% in 2018/19 and 1.7% in 2017/18). And on 8 October 2018, OLG advised that councils should assume 2.5% for 2020/21 and future years. Council had previously assumed the rate peg as 2.3% for 2018/19 to 2021/22 and 2.8% for 2022/23 to 2027/28. The change in the rate peg forecast affects the amount to be raised by a SRV.</p> <p>Council at its meeting of 29 October 2018 also resolved its 'intent' to apply for a SRV of 7% annual increase over five years (instead of seven years) from 2019/20, under Section 508A of the Local Government Act 1993 (the Act) and an increase to the minimum rate, under Section 548 of the Act. Resolving 'intent' enables extensive engagement to be undertaken to obtain community feedback regarding the proposal, in particular feedback from ratepayers.</p> <p>The engagement period runs 1 November 2018 to 16 January 2019 during which time Council will conduct an awareness campaign to ensure the community is informed of the need for and extent of the rate rise. During this period the community has the opportunity to provide feedback to Council (and IPART) regarding willingness to pay for the preferred scenario, as well as feedback on the proposal to increase the minimum rate.</p> <p>Council will send a letter and Information Sheet to all ratepayers, which will also be available from the website. Information Forums will be held per Ward, plus Drop-in Information Sessions will be held at various locations across the LGA, both providing the opportunity to discuss the proposal with Council staff. A representative phone survey of 400 residents and 200 businesses, randomly selected, will be conducted independently and Council is seeking submissions.</p> <p>Following conclusion of the consultation period all feedback will be collated, analysed, and reported to the Council for consideration in late January 2019. Council needs to determine if it will proceed with lodging the combined application by the deadline of 11 February 2019. IPART determinations are announced 14 May 2019.</p>					17

HOME	INTRODUCTION	NORTH SYDNEY IN PROFILE	RESOURCING THE PLAN	DIRECTION 1: OUR LIVING ENVIRONMENT	DIRECTION 2: OUR BUILT INFRASTRUCTURE	DIRECTION 3: OUR FUTURE PLANNING	DIRECTION 4: OUR SOCIAL VITALITY	DIRECTION 5: OUR CIVIC LEADERSHIP	APPENDIX
<h2>PROPOSED SPECIAL VARIATION & MINIMUM RATE INCREASE</h2> <p>Several alternative options were considered prior to considering a SRV. Rates and annual charges comprise approximately 45% of Council's total revenue. Council has for many years had an emphasis on user pays fees and charges (policy position adopted in the 1980s). Whilst the Council continually explores new opportunities for additional fees and charges, we have to date maximised the revenue from fees and charges. Increasing user fees beyond the level acceptable to the community can result in a reduction in income overall for the service.</p> <p>The need for a SRV was initially foreshadowed in Council's previous Resourcing Strategy (2013), in which the long term financial modelling under the then 'preferred' scenario, forecast the net surplus gradually falling over the remaining life of the plan (ending 2022/23), and deficits before capital grants and contributions following cessation of the previous approved SRV, which expired on 30 June 2018. IPART also considered it probable that the Council would need to seek a further increase in the future, as noted in its determination of Council's 2011/12 SRV application, approved in June 2011.</p>				<h3>SPECIAL VARIATION IMPACT</h3> <p>The key purpose of the proposed SRV under preferred Scenario 3 is:</p> <ul style="list-style-type: none"> to maintain existing services; enhance financial sustainability; Increase infrastructure renewal expenditure to address deteriorating asset conditions; and Delivery of a number of high priority public domain and public recreation projects including, Bradfield Park South and St Leonards Park. <p>North Sydney's rates are currently comparably low and will remain amongst the lowest with a SRV - refer to the Information Sheet for a comparison with neighbouring councils, available from Council's website.</p> <p>Under Scenario 1 (rate peg only) over five years (from 2019/20) the average residential ratepayer will pay an additional \$115 and the average business ratepayer will pay an additional \$521. The percentage cumulative impact would be 14.10% for residential and 10.60% for business ratepayers.</p> <p>Under Scenario 2 over five years (from 2019/20) the average residential ratepayer would pay \$138 additional to the rate peg, while the average business ratepayer would pay \$521 additional to the rate peg. The percentage cumulative impact would be 28.90% for residential and 25.20% for business ratepayers.</p> <p>Under Scenario 3 over five years (from 2019/20) the average residential ratepayer would pay \$212 additional to the rate peg. While the average business ratepayer would pay \$1,243 additional to the rate peg. The percentage cumulative impact would be 36.40% for residential and 32.70% for business ratepayers.</p> <p>Council has produced scenario comparison tables available via the Information Sheet or Council website, projecting the annual rate amounts and impacts for ratepayers of the three scenarios. Figures are indicative and do not include the DWMC and the SWMC.</p> <p>Refer to the applicable land value category for an indication of the approximate increase per scenario. Refer to your rates notice for the property's land value (as at 2016).</p>					18

PROPOSED SPECIAL VARIATION & MINIMUM RATE INCREASE

SCENARIO 1 (BASE CASE)

Under this scenario rates would only increase by the rate peg amount per annum. This option would have financial sustainability implications for Council in maintaining current services levels and satisfactory condition of infrastructure. This option would require some difficult decisions to be made about the future of current services and programs, to find the funds needed to deliver a balanced budget (avoid running into deficit from 2020/21).

To achieve a balanced budget over five years from 2019/20 from Council will need to reduce its operational/recurrent expenditure by \$6.74m total i.e. approx. \$1.35m per annum over 5 years (more cuts would be needed from 2024/25). To achieve this, reductions to discretionary services are required.

The following list is where Council could make cost reductions/reduce services - it is not an exhaustive list, nor is it in any priority order:

- verge mowing,
- street cleaning,

- graffiti removal,
- tree planting,
- events,
- subsidies,
- library,
- economic development,
- community centres and groups grants,
- administrative support and funding to the Precinct System; and
- administration

Council would also need to reassess the phasing of the capital works program due to reduced funding available.

SCENARIO 2

Scenario 2 would enable Council to maintain existing service levels plus generate \$15,209,704 total additional funds available over 5 years. Scenario 2 would enable the Council to spend an additional \$9.3m on addressing the condition 5 (very poor condition) assets, and the remaining funds would enable the Council to undertake additional priority capital works. The proposed allocation of the additional revenue

generated from this funding option is:

- \$9.3m for asset renewals
- \$3m for Neutral Bay and Cremorne village upgrades
- \$2m for Bradfield Park South masterplan
- \$700,000 for playground upgrades in Sirius Street Reserve, Grasmere Children's Park and Merrett Playground
- \$180,000 for Badang Reserve walking trail upgrade

SCENARIO 3 (PREFERRED)

Scenario 3 would enable Council to maintain existing service levels plus generate \$27,060,734 total additional funds available over 5 years. Scenario 3 would enable the Council to spend an additional \$14.3m on addressing the condition 5 (very poor condition) assets, and the remaining funds would enable the Council to undertake additional priority capital works to those listed in Scenario 2. The proposed allocation of the additional revenue generated from this funding option is:

- everything under Scenario 2 plus
- \$5m additional for asset renewals

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PROPOSED SPECIAL VARIATION & MINIMUM RATE INCREASE

- \$4.8m for St Leonards Park masterplan
- \$1m for Kirribilli and McMahon's Point village upgrades
- \$750,000 for improved drainage at Primrose Park and upgraded pedestrian access at Anderson Park
- \$300,000 for walking trail upgrades in Primrose Park, Gore Cove to Smoothy Park and Brightmore Reserve

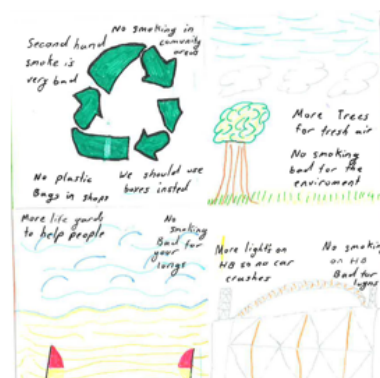
While Scenario 2 provides the minimum additional revenue required to stabilise the 'condition 5' assets over the medium term, Scenario 3 provides for a longer term revenue solution which would enable the Council to respond in a meaningful way to asset management and the desired outcomes of the Community Strategic Plan. For this reason Council identified Scenario 3 as its preferred option.

Note: not all of the proposed additional expenditure is allocated in 2019/20 (Year 2) and 2020/21 (Year 3) of the Delivery Program; only the projects/expenditure scheduled for 2019/20 and 2020/21 are shown (in red font/italics) in the Action Plan under the respective Strategic Directions. Appendix 2 includes tables showing how the projects/expenditure have scheduled across the 5 year SRV period.

MINIMUM RATE INCREASE

North Sydney Council has a residential and a business rate, both of which are subject to a minimum rate. For properties with a land value of approximately \$605,000 or less, the minimum rate amount is applicable. For properties above this land value, the rates are calculated on the applicable Valuer General's land value and a cents in the dollar allocation. The majority of strata titled residential units in particular are subject to the minimum rate.

This is the first time that Council is seeking to increase minimum ordinary rates above the statutory limit, by the SRV under Scenario 3. At present 76% of residential and 33% of business ratepayers pay the minimum rate. In order to maintain the same relative distribution of the rating burden between minimum and other ratepayers, any percentage increase associated with the SRV should be consistently applied to all rateable properties. Council services and facilities are made available to all ratepayers and as such the proposed increase should be proportionally distributed. For detailed information refer to the related Information Sheet available from Council's website.



Artwork by: Giselle (part of the Community Strategic Plan Review Phase 1 engagement program)

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The proposal was also explained via the *Draft 2019/20 Revenue Policy* (extracts below), a component of the annual Operational Plan, which showed the proposed impact on ordinary rates per financial scenario.

1.3 In summary, in 2018/19 ~~2019/20~~ Council will *propose* to:

- a) Increase total rate income by 2.76%, inclusive of 2.3% Rate Peg and unused permissible income catch-up; *Apply for a special rate variation (SRV) of five years total duration at either 5.5% increase (inclusive of the 2.7% rate cap) or 7% increase (inclusive of the 2.7% rate cap). If the application is unsuccessful rates will be levied at the rate cap increase of 2.7%.*
- b) Continue a loan borrowing program commenced in September 2015. All loans comply with the *Debt Management Policy*;
- c) *Ensure* no “finance” leases *are implemented*;
- d) Only use the current overdraft and credit card facilities (in cases of emergency) to a maximum of 180 days;
- e) Continue to transfer any savings from debt retirement to reserves which are held as restricted assets, for the ongoing capital works program;

The proposed rating strategy for 2018/19 ~~2019/20~~ is as follows:

Ordinary Rates

<i>Scenario 1 - rate cap 2.7%</i>	MINIMUM		AD VALOREM			TOTALS	%
	No	\$ Values	No	Cents in \$	\$ Value	\$ Value	
Residential Properties (\$526.00 \$540.00 min)	27,100 26,895	14,254,600 14,523,330	8,431 8,664	0.086948 0.092454	9,925,407 10,697,048	24,180,007 25,220,378	60
Business Properties (\$526.00 \$540.00 min)	1,219 1,232	641,194 665,280	2,435 2,459	0.503805 0.506339	15,604,233 16,148,305	16,245,427 16,813,585	40
	28,319 28,127	14,895,794 15,188,610	10,866 11,123		25,529,640 26,845,353	40,425,434 42,033,963	

<i>Scenario 2 - 5.5% increase (inclusive of 2.7% rate cap)</i>	MINIMUM		AD VALOREM			TOTALS	%
	No	\$ Values	No	Cents in \$	\$ Value	\$ Value	
Residential Properties (\$555.00 min)	26,898	14,928,390	8,661	0.094981	10,987,741	25,916,131	60
Business Properties (\$555.00 min)	1,233	684,315	2,458	0.520303	16,593,105	17,277,420	40
	28,131	15,612,705	11,119		27,580,846	43,193,551	

<i>Scenario 3 - 7% increase (inclusive of 2.7% rate cap)</i>	MINIMUM		AD VALOREM			TOTALS	%
	No	\$ Values	No	Cents in \$	\$ Value	\$ Value	
Residential Properties (\$563.00 min)	26,898	15,143,574	8,661	0.096342	11,145,099	26,288,673	60
Business Properties (\$563.00 min)	1,233	694,179	2,458	0.527785	16,831,603	17,525,782	40
	28,131	15,837,753	11,119		27,976,702	43,814,455	

Rate paying pensioners that hold a current Pensioner Concession Card and the property is their sole or principal place of residence, may be eligible to receive a rebate.

The following extract from page 5 of the amended *Resourcing Strategy* (which was concurrently exhibited with the SRV proposal) shows how Council explained the proposed

rate rise/minimum rate increase. This was further explained on pages 32 to 38 (Financial Modelling section of the LTFP).

Scenario 1 is based on revenue being limited to the annual rate peg, which has been modelled at 2.3% till 2021/22 and 2.8% thereafter to 2027/28. 2.7% in 2019/20 and 2.5% from 2020/21 to 2027/28. This is not the ideal scenario as it will result in a decline in our capacity and will not meet the expectations of the community as reflected in the community strategic plan consultation i.e. we cannot continue to deliver services and infrastructure at the rate of the past three years and remain financially viable.

Scenarios 2 and 3 are both based on rate revenue being restricted to the 2.3% peg in 2018/19 followed by increases of 5.5% and 7% respectively thereafter from 2019/20 to 2023/24. Scenario 2 would allow Council to maintain existing services but limit capacity to maintain infrastructure to the high standard demanded by the community and provide minimal capacity to expand services. Scenario 3 more closely represents community expectations on services as reflected in the Community Strategic Plan consultation. It would enable the high level of services demanded by the community to be maintained, maintenance of infrastructure to a high standard and some capacity to expand services to meet growth and changing demands.

~~Should the Council resolve to propose a special rate variation (SRV) above the rate peg (effective from 2019/20) in order to follow Scenario 2 or 3, extensive consultation will occur with ratepayers in late 2018. On 25 June 2018 the Council resolved to adopt Scenario 3 as its preferred scenario. On 29 October 2018 the Council resolved its 'intent to apply' for a SRV, therefore enabling extensive community consultation to occur from 1 November 2018 to 16 January 2019. The engagement outcomes will be reported to the Council in late January 2019, at which point will be determine whether it will proceed to submit a SRV application to IPART.~~

4.2 Feedback from the community consultations

Summarise the outcomes and feedback from the council's community engagement activities. Outcomes could include the number of attendees at events and participants in online forums, as well as evidence of media reports and other indicators of public awareness of the council's special variation intentions. Where applicable, provide evidence of responses to surveys, particularly the level of support for specific programs or projects, levels and types of services, investment in assets, as well as the options proposed for funding them by rate increases.

Where the council has received submissions from the community relevant to the proposed special variation, the application should set out the views expressed in those submissions. Please refer to Section 1.2 concerning how the council should handle confidential content in feedback received from the community. The council should also identify and document any action that it has taken, or will take, to address issues of common concern within the community.

The engagement period ran from 1 November 2018 to 16 January 2019. The engagement program also included the public exhibition of the updated Delivery Program, Resourcing Strategy, and the Draft Revenue Policy for 2019/20 (discussed in Section 2).

Council obtained stakeholders feedback about the proposed rate increase via the following methods:

- Statistically valid survey - externally conducted by Jetty Research (total 619 respondents)
- Submissions including an online feedback form - opt-in/self-elect feedback (total 549 submissions)

- Q&A at the Information Sessions

ATTACHMENT 5 (as reported to the Council meeting of 29 January 2019) is a comprehensive summary of the engagement outcomes, including the level of participation. It details the 'inform' methods employed to ensure stakeholders were aware of the proposal and the opportunity to have a say, and the findings of the 'consult' methods used to obtain feedback. The engagement outcomes were reported to Council at its meeting of 29 January 2019

Random Representative Survey

Council engaged independent research company Jetty Research to undertake a random statistically representative survey. Appendix 5 to **ATTACHMENT 5**, prepared by Jetty Research, details the full survey results. The objectives of the survey were to measure awareness levels and sources of information about the proposed SRV and minimum rate increase, and to measure levels of support for the different SRV options/financial scenarios. Per guidance issued by IPART¹⁸, the survey sought feedback from the community as a whole, i.e. from both residential and business ratepayers as well as non-ratepayers of the North Sydney LGA.

Recruitment was conducted between 20 November and 4 December 2018, with an average interview length of three minutes. 840 potential respondents (500 residential and 340 businesses) were initially recruited and sent the Information Sheet outlining the proposed funding options/ program of works. After allowing a few days for the potential respondents to read the information, Jetty Research recontacted them to ask them to complete the survey. Surveying was completed by 16 December 2018.

A total of 619 surveys were completed, which included 419 residents (target was 400 residents) and 200 businesses. The total 619 sample provided a +/-3.9% sampling error, calculated at the 95% confidence level. This means that the results are an accurate reflection of key stakeholder views within +/- 3.9%.

Nine of out of 10 respondents were ratepayers, emphasising the validity of the survey findings. The level of participation was almost equally split between residents living in medium-low density dwellings (51%) and high density dwellings (49%)¹⁹. Whilst high density dwellings represent the majority of total dwelling types in the LGA, a higher than representative proportion of feedback was obtained from those not on the minimum rate

The following table details the results based on preferred SRV option/financial scenario:

	Scenario 1	Scenario 2	Scenario 3	Total	Scenario 2 + 3
Residents	104 24.8%	187 44.6%	128 30.5%	419 100%	315 75.1%
Business	79 39.5%	76 38%	45 22.5%	200 100%	121 60.5%
TOTAL	183 29.6%	263 42.5%	173 27.9%	619 100%	436 70.4%

¹⁸ IPART Fact Sheet: community awareness and engagement for special variations, dated November 2017.

¹⁹ Representing 64.2% of total dwelling types as at 2016.

Among residents, almost half of those surveyed (45%) preferred Scenario 2, while a further 30% selected Scenario 3 as their first preference. In all, 75% of residents preferred a scenario involving a SRV, while just 25% chose Scenario 1 as their preferred option. 41% of residents were unwilling to offer a second preference. Of those who did offer a second preference, Scenario 2 was favoured by 30% of residents.

Among businesses, Scenarios 1 and 2 were almost equally preferred (39% and 38% respectively) while 23% chose Scenario 3 as their preferred option. Half of the businesses (52%) were unwilling to offer a second preference; of those who did offer a second preference, Scenario 2 was favoured by 25%.

Based on first preferences, when separating ratepayers and non-ratepayers, 74% of the respondents who are ratepayers of the LGA, and 78% of non-ratepayers, support a financial scenario involving a SRV i.e. an increase above the annual rate peg.

When combining first and second preferences, results suggest that preference for Scenario 2 is highest among both groups with 75% of residents and 64% of businesses considering Scenario 2 a first or second preference. Respondents whose first preference was Scenario 2 were significantly more likely to support Scenario 3 than Scenario 1 as their second preference (at 38% and 23% respectively). Scenarios 2 and 3 combined (75.1% for residents and 60.5% for businesses) indicate majority preference for a special rate variation of some amount (as indicated by S2+S3 in the table above).

Further analysis of the residential respondents found that respondents living in detached or semi-detached houses were more likely to support Scenario 1 (at 31%, against 22% of those living in apartments/high density). 49% of apartments dwellers preferred Scenario 2 (against 40% of those living in detached or semi-detached houses); and the proportion choosing Scenario 3 was the same across both high and low/medium density housing, at around 30%.

The following table gives the top four reasons per preference (from 97 residential responses and 74 business respondents that provided reasons for their preference), noting that multiple reasons were allowed.

Scenario 1	Scenario 2	Scenario 3
1. Amount proposed is too high 2. Can't afford additional rates 3. Council should manage funds better 4. Don't need additional facilities	1. Need to maintain current level of service 2. Amount proposed is affordable 3. Need the additional facility upgrades/asset maintenance 4. Fairest/compromise option	1. Need the additional facility upgrades/asset maintenance 2. Need to maintain current level of service 3. Amount proposed is affordable 4. Best option for community

Self-elect Submissions

In addition to the random statistically representative survey, Council also accepted self-initiated feedback via general submissions (in various formats). A total of 549 submissions were received; the majority (96%) were submitted via the online submission form (via Your Say North Sydney) and 67 submissions were by email. 10% of submissions did not overly state support for a

ATTACHMENT 5, details the total general submissions received by format. The following table summarises the submissions by format and nominated preferred financial scenario:

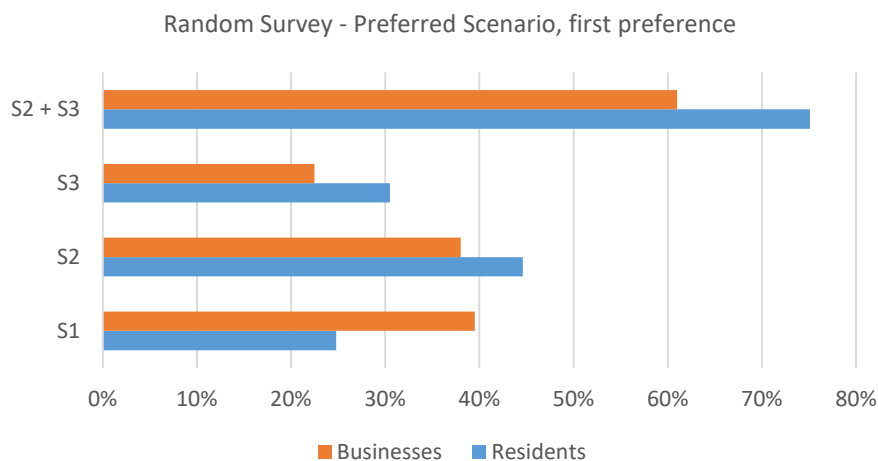
	Scenario 1	Scenario 2	Scenario 3	Other	Total	Scenarios 2 + 3
Online Feedback Form (EHQ)	257	91	104	n/a	452	195
Email (registered in ECM)	18	5	9	35	67	14
Letter (registered in ECM)	0	1	0	6	7	1
CRM	1	0	0	2	3	0
Verbal	0	1	0	6	7	1
Precinct Committees	1	0	0	5	6	0
Amended IPR Plans	2	1	3	1	7	4
TOTAL	279 51%	99 18%	116 21%	55 10%	549 100%	215 39%

The key issues raised in the submissions were grouped by the following themes (listed alphabetically not by priority order). **ATTACHMENT 5** quantifies the themes (listed alphabetically), noting that not all respondents provided reasons for the preference, and that of the majority that did, many provided multiple reasons - Alternate options - other revenue sources/savings; Capacity/willingness to pay - affordability (both support for and against proposal); Engagement - communications/consultation inadequate/unclear/misleading; Expenditure priorities - feedback on program of works/service reductions (both support for and against proposal); Financial management - efficiency; Governing body - councillors/elected body related comments; Growth - impact of new development/additional ratepayers coming on board; Other - Domestic Waste Management Charge (DWMC) related i.e. concerns/ suggestions raised are not funded by the proposed SRV; Other - various e.g. service requests, compliments, personal experience and statement of position (to avoid duplication/overstating scenario preferences); Rating system - inequity/misunderstanding; and Service levels - perception current service levels not being met.

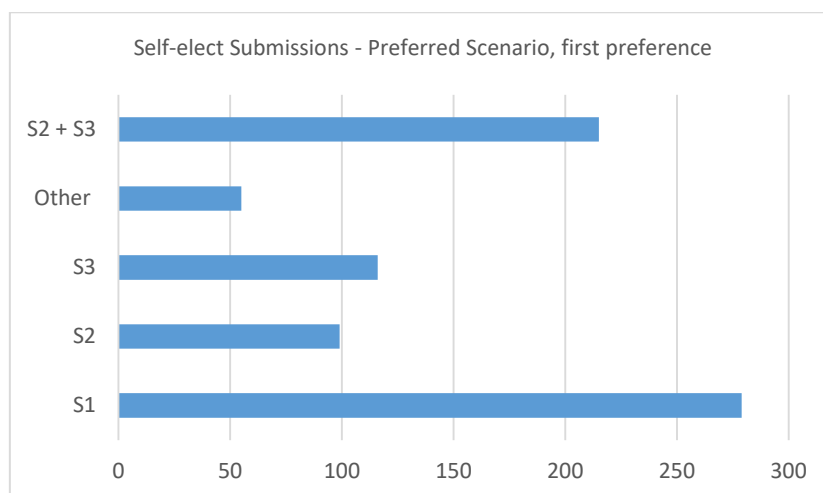
Overall Sentiment

The random survey findings are the best indicator of community sentiment towards the proposal, as the self-elect feedback is not necessarily representative. The random survey findings are an accurate reflection of key stakeholder views within +/- 3.9% sampling error, calculated at the 95% confidence level.

As summarised in the below graph, with slightly less than one third (29.4%) of respondents to the statistically representative independent survey supporting Scenario 1, and the feedback from within the self-initiated submissions, it is apparent that there is a degree of price sensitivity to rate increases and a need for Council to ensure both efficiency of service delivery and be cognisant of the cost/benefit of each service. This particularly applies to the business sector who may have less need for additional services demanded by the broader community. Scenario 2 (5.5% per annum for 5 years, inclusive of the annual rate peg) obtained the greatest level of community support according to the representative survey at 42.5%, while Scenario 3 (7% per annum for 5 years inclusive of the annual rate peg) received 27.9% support.



Regarding the self-elect feedback, as summarised in the below graph, half of the self-elect submissions prefer Scenario 1, whilst 39% of the submissions support a scenario involving a SRV. Many of the 'Other' submissions objected to the proposal, whilst some clarified they objected to a rate increase of any type. Note: a small number of submissions preferring Scenario 1 indicated a second preference; second preferences were not requested. Of these, three submissions said they would support a modest/less than 5% rate increase.



Overall there is demonstrated community awareness and support for a rate variation and minimum rate increase. The community feedback and survey results re-affirm the views that emerged during the 2018 consultation for the *Community Strategic Plan*. That is, there is a demand for high quality infrastructure and services. In summary, the findings of the statistically representative independent survey indicate support for a special rate variation under either Scenario 2 or 3 (70.4%), over operating within the rating cap under Scenario 1 (29.6%).

In addition to financial option preference, the consultation sought preference reasoning and feedback on the expenditure priorities (proposed program of works). Whilst not all respondents provided reasoning, a significant volume of feedback was received regarding reasoning for preferences, which covered a range of themes/issues (refer to general submissions above for examples). The following details the 'negative' themes/issues raised across both the random survey and the general submissions. Context is provided in

acknowledgment of this feedback and suggests how Council will work to address the issues, regardless of whether Council operates with a SRV:

- Growth²⁰ - it appears that some community members have a greater expectation of additional rate revenue from growth than actually occurs. Current and planned development/construction will generate some more rateable income, which goes hand-in-hand with an increased population (residents and business/workers) and increased demand for Council services and infrastructure maintenance/renewal. Growth is acknowledged and has been factored into the Council's IPR planning assumptions/sensitivity analysis.
- Efficiency and productivity - continuous improvement underpins the organisation's core values; Council has an ongoing practice of identifying efficiency gains, productivity improvements and cost containment strategies. Council's past and future gains/improvement strategies are documented and are detailed in Section 7 in response to a key criterion 5.
- Financial management - the negative comments regarding current project management and recent service delivery provided specific examples. Review of these will be undertaken. A key project in the current year of the *Delivery Program* is a review of Council's corporate project management framework, which is the means by which Council will work to improve its decision making, project delivery and resource allocation, organisation wide.
- Current service levels - some feedback cited that Council was not meeting current service levels e.g. street cleaning frequency, and should focus on improving current responsiveness before taking on additional projects. Other feedback questioned how and when service levels are reviewed. Council most recently reviewed its service levels in the preparation of its current IPR Framework (readopted in mid-2018). This review included utilisation of the most recent independently conducted *Customer Satisfaction Survey* (2016). They next survey is scheduled to be undertaken in 2019/20; and the findings will be used to inform the next IPR Review (to be undertaken within the first nine months of the new term of Council). Council's service level agreements (serviced guarantees) will also be reviewed and updated accordingly, and made publicly available.
- Rating system - the significant number of non-rateable properties and their utilisation of Council infrastructure was raised, as were concerns regarding rate pegging and the current NSW rating system, in particular the disadvantage to owners of low density dwellings. As previously advised (via GMO01, 29 October 2018 - **ATTACHMENT 1**), Council will continue to advocate for a change to the current rating system in NSW, as it negatively impacts council areas such as North Sydney LGA with a large proportion of high density dwellings. The current *Delivery Program* also includes a review of Council's rating structure to commence in 2019. Council recently acquired rates modelling software with the intention of investigating the options available within the current legislation, of finding a rating structure which is equitable and appropriate to

²⁰ In preparation of the rates modelling that has been undertaken, IPART advice is that growth is not taken into account in determining the amount of SRV funding.

the community profile.

- Engagement - some feedback noted the timing of the engagement, citing it conflicted with end of year events/school holidays which prohibited participation. Notwithstanding this feedback, both the volume and breadth of feedback and the level of participation/awareness in the 'inform' stage, indicate significant stakeholder awareness. The random representative survey found that prior awareness of the proposal was high, with 45% of all respondents claiming awareness, including 64% of residents and 36% of business respondents. As previously advised (via GMO01, 29 October 2018- **ATTACHMENT 1**), the timing in which the consultation could occur was constrained by the IPR planning cycle, and requirements of OLG and IPART. Nevertheless, the SRV consultation period extended over 2.5 months and followed initial notification of Council's preference for a SRV resolved in May 2018.

Council considered the feedback at its meeting of 29 January 2019 and resolved to continue to apply for a SRV and minimum rate increase under its preferred financial option - Scenario 3, 7% per annum for five (5) years inclusive of the annual rate peg, commencing from 1 July 2019. Scenario 1 is not considered financially sustainable as further reductions in expenditure or revenue increases would still be required at the end of the five (5) year period and infrastructure condition would deteriorate from lack of renewal funding. Scenarios 2 and 3 would enable Council to remain financially sustainable over the medium to long term. Scenario 3 provides greater capacity to address deteriorating asset condition, meet high community expectations with delivery of public space improvements and place Council in a more robust position to respond to any emerging financial shocks.

5 Assessment criterion 3: Impact on ratepayers

Criterion 3 in the Guidelines is:

The impact on affected ratepayers must be reasonable, having regard to both the current rate levels, existing ratepayer base and the proposed purpose of the variation. The Delivery Program and Long Term Financial Plan should:

- *clearly show the impact of any rises upon the community*
- *include the council's consideration of the community's capacity and willingness to pay rates and*
- *establish that the proposed rate increases are affordable having regard to the community's capacity to pay.*

The impact of the council's proposed special variation on ratepayers must be reasonable. To do this, we take into account current rate levels, the existing ratepayer base and the purpose of the proposed special variation. We also review how the council has assessed whether the proposed rate rises are affordable, having regard to the community's capacity and willingness to pay.

5.1 Impact on rates

Much of the quantitative information we need on the impact of the proposed special variation on rate levels will already be contained in Worksheet 5a and 5b of Part A of the application.

To assist us further, the application should set out the rating structure under the proposed special variation, and how this may differ from the current rating structure, or that which would apply if the special variation is not approved.

We recognise that a council may choose to apply an increase differentially among categories of ratepayers. If so, you should explain the rationale for applying the increase differentially among different categories and/or subcategories of ratepayers, and how this was communicated to the community. This will be relevant to our assessment of the reasonableness of the impact on ratepayers.

Councils should also indicate the impact of any other anticipated changes (eg, receipt of new valuations) in the rating structure.

North Sydney Council has residential and business rate categories, both of which are subject to a minimum rate. The land value is determined by the Land and Property Information Division of the Department of Finance and Services on behalf of the NSW Valuer General (VG). The VG supplies land values to councils for rating every three (3) years to use in setting rates, this ensures changes in the local property market are reflected in the Council's rates model, helping to ensure fairness and equity for ratepayers.

North Sydney Council's rating structure is as follows:

Rate	Ratepayer Type
Residential	Residents
Business	Business
Mixed development (37 assessments)	Business and residential
Crows Nest Mainstreet levy	Business (designated geographical area only)
Neutral Bay Mainstreet levy	Business (designated geographical area only)
Environmental levy	All ratepayers
Infrastructure levy	All ratepayers

Council's current rating structure is levied annually based on the following factors:

- The rates category (Residential or Business)
- The calculation method
- The land value (Unimproved Capital Value)
- The allowable annual increase (Rate Peg or Special Rate Variation)

Rates are calculated entirely on the land value, but subject to a minimum amount (Council must impose a rate per dollar [ad valorem] of land value, with a minimum amount).

North Sydney Council has had eight (8) special variations approved under the *Local Government Act 1993* since 2000/01. These included four (4) specific purpose levies which were time limited until the 2012/13 approval by IPART to retain permanently within general rates revenue and the previous SRV, which was applicable from 2011/12 to 2017/18. The four "special purpose" levy programs include the Infrastructure Levy, Environment Levy, Crows Nest Mainstreet Levy and Neutral Bay Mainstreet Levy (with the latter applicable to certain businesses only based on geographical location). Each levy was originally introduced following community consultation.

It is Council's intention to continue to separately rate and restrict ordinary rate revenues as per the current rating structure, in accordance with the adopted *Revenue Policy*. The ordinary rate is based on an 'ad valorem' amount (at value) plus minimum amounts. The levies are based on a base amount and an ad valorem amount.

Council's rating structure also includes two (2) annual charges, the Domestic Waste Management Charge (DWMC) and the Stormwater Management Charge (SWMC).

Existing Rating Structure (2018/19)

The adopted 2018/19 rating structure is as follows - extracted from the adopted 2018/19 *Revenue Policy*²¹:

²¹ The 2018/19 *Revenue Policy* is available from Council's website at https://www.northsydney.nsw.gov.au/files/assets/public/docs/1_council_meetings/policies_plans/policy_manual/d5-45_revenue_policy.pdf [accessed 31 January 2019]

2018/19 Ordinary Rate:

	Minimum		Ad Valorem			Totals	%
	No.	\$ Values	No.	Cents in \$	\$ Value	\$ Value	
Residential Properties (\$526.00 min)	27,100	14,254,600	8,431	0.086948	9,925,407	24,180,007	60
Business Properties (\$526.00 min)	1,219	641,194	2,435	0.503805	15,604,233	16,245,427	40
TOTALS	28,319	14,895,794	10,866		25,529,640	40,425,434	

2018/19 Infrastructure Levy:

	Base Amount 50%		Ad Valorem			Totals
	No.	\$ Values	No.	Cents in \$	\$ Value	\$ Value
All rateable properties (base \$ 22.54)	39,185	883,252	39,185	0.004126	885,017	1,768,269

2018/19 Environmental Levy:

	Base Amount 50%		Ad Valorem			Totals
	No.	\$ Values	No.	Cents in \$	\$ Value	\$ Value
All rateable properties (base \$25.32)	39,185	992,189	39,185	0.004626	992,264	1,984,453

2018/19 Crows Nest Mainstreet Levy:

	Base Amount 30%		Ad Valorem			Totals
	No.	\$ Values	No.	Cents in \$	\$ Value	\$ Value
Business properties (base \$110.64)	808	89,397	808	0.029383	208,603	298,000

2018/19 Neutral Bay Mainstreet Levy:

	Base Amount 30%		Ad Valorem			Totals
	No.	\$ Values	No.	Cents in \$	\$ Value	\$ Value
Business properties (base \$131.58)	456	60,000	456	0.047900	139,999	199,999

2018/19 DWMC - is \$370.00 per residential property.

2018/19 SWMC:

Rating Category	Annual Charge
Residential (Maximum)	\$25.00
Residential Strata Plan or Company Title (Maximum)	\$12.50
Business (Capped)	\$25.00
Business Strata Plan or Company Title (Capped)	\$5.00

Proposed Rating Structure (2019/20-2023/24)

Details of the impact of the proposed SRV (inclusive of a minimum rate increase) on ordinary rates (by rating category and land value) are included in Part A of this application. The

following information summarises the annual and cumulative impact of the proposed SRV compared with the base scenario (Scenario 1) on residential and business ratepayers.

North Sydney Council proposes no changes to the current rating structure categories, however Scenario 3 of Council's *Resourcing Strategy 2018/19-2027/28* proposes a special rate variation (SRV) of 7% per annum for five years, commencing from 1 July 2019. The SRV would be inclusive of the annual rate peg and would apply to all ratepayers, including those on the minimum rate. In accordance with *Section 508A* and *Section 548(3)* of the *Local Government Act 1993*, the intention of the application is that the increase is permanent and is retained within the rate base.

In preparing the application, the following scenarios were developed and rating models providing the impacts to ratepayers:

- Scenario 1 (Base Case) - this scenario reflects the implementation of the annual IPART determination (rate peg) as the basis of rates revenue projections. It results in a decline in Council's capacity to provide current levels of service i.e. reduced services.
- Scenario 2 - incorporating a 5.5% special rate variation (SRV) for five (5) years, inclusive of the annual rate peg, commencing in 2019/20 (Year 2 of the *Resourcing Strategy*). This results in maintenance of existing services/service levels and invest \$15.3m in asset maintenance and infrastructure renewal.
- Scenario 3 - incorporating a 7.0% SRV for five (5) years, inclusive of the annual rate peg, commencing in 2019/20 (Year 2 of the *Resourcing Strategy*). This results in maintenance of existing services/service levels and invest \$27.1m in asset maintenance and infrastructure renewal.

The three scenario summaries were used throughout the community engagement process (refer to Information Sheet - **ATTACHMENT 8**) and the rating data used was modelled on information available in September 2018. There has been a number of new assessments registered since and the most recent rating information has been applied to Part A of the SRV application.

All three scenarios have been prepared assuming the DWMC is calculated in accordance with 'reasonable cost' principles of cost recovery and the SWMC (\$25.00 for residential/business and \$12.50 for strata units) will remain unchanged throughout the special variation period.

Below are summaries extracted from the updated assessment information (January 2019 - PART A) comparing the base case (non SRV) with the proposed SRV. The following table includes all rates and levies used to assess the impact of the proposed 7% SRV (preferred scenario):

Average Ordinary and Special Rates - with proposed 7% SRV (\$)							
Category	Sub-category or Special Rate name	Current Average Rate	Average Rate Year 1	Average Rate Year 2	Average Rate Year 3	Average Rate Year 4	Average Rate Year 5
		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Residential	Ordinary	679.59	735.41	787.46	843.17	902.76	966.53
	Environmental Levy	49.06	52.50	56.17	60.09	64.29	68.78
	Infrastructure Levy	43.72	46.78	50.05	53.54	57.29	61.30
	Total Average	772.37	834.69	893.69	956.80	1,024.35	1,096.62
Business	Ordinary	4,659.51	4,839.69	5,195.83	5,563.27	5,956.60	6,377.41
	Environmental Levy	67.29	71.98	77.01	82.38	88.15	94.30
	Infrastructure Levy	59.97	64.13	68.61	73.41	78.54	84.04
	Crows Nest Mainstreet	373.76	371.10	371.10	371.10	371.10	371.10
	Neutral Bay Mainstreet	421.83	435.74	435.74	435.74	435.74	435.74
	Total Average	4,921.46	5,111.56	5,477.12	5,854.62	6,258.75	6,691.08

The following table includes all rates and levies used to assess the impact of the rate peg/no SRV (base case):

Average Ordinary and Special Rates - without proposed SRV /assumed rate peg only (\$)							
Category	Sub-category or Special Rate name	Current Average Rate	Average Rate Year 1	Average Rate Year 2	Average Rate Year 3	Average Rate Year 4	Average Rate Year 5
		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Residential	Ordinary	679.59	705.52	723.37	741.65	760.40	779.62
	Environmental Levy	49.06	50.39	51.65	52.94	54.26	55.61
	Infrastructure Levy	43.72	44.90	46.02	47.17	48.34	49.55
	Total Average	772.37	800.81	821.03	841.76	863.00	884.78
Business	Ordinary	4,659.51	4,643.10	4,760.52	4,880.92	5,004.31	5,130.78
	Environmental Levy	67.29	69.08	70.80	72.57	74.38	76.24
	Infrastructure Levy	59.97	61.56	63.09	64.66	66.27	67.93
	Crows Nest Mainstreet	373.76	371.10	371.10	371.10	371.10	371.10
	Neutral Bay Mainstreet	421.83	435.74	435.74	435.74	435.74	435.74
	Total Average	4,921.46	4,909.56	5,030.20	5,153.90	5,280.68	5,410.62

The total overall increase in rates revenue as a result of the 7% SRV increase will provide the additional funds required to maintain current levels of service whilst addressing the resourcing shortages which will enable those projects identified in the Information Sheet (ATTACHMENT 8).

5.1.1 Minimum Rates

The proposed special variation may affect ordinary rates, special rates and/or minimum rates.

For minimum rate increases, a council must seek approval via an instrument when it:

- ▼ proposes to increase its minimum rates above the statutory limit for the first time with or without increasing its general income above the rate peg limit;
- ▼ it is already imposing an ordinary minimum rate above the statutory limit and it seeks to increase that rate by more than the rate peg or the percentage allowed by a special variation; or
- ▼ is seeking to increase the minimum amount of its **special rates** above the statutory limit.

Under these scenarios, where the council is also proposing a special variation in the same rating year, it may submit a combined special variation and minimum rate application.

Complete this section if the council is seeking approval to increase the minimum amount of an ordinary rate or special rate via an instrument as outlined above.

Does the council have an ordinary rate subject to a minimum amount? Yes ☒ No ☐

Does the council propose to increase the minimum amount of its ordinary rates above the statutory limit for the first time? Yes ☒ No ☐

Which rates will the increases apply to? Residential ☒ Business ☒ Farmland ☐

Does the council propose to increase the minimum amount of its ordinary rate/s by:

- The rate peg percentage ☐
- The special variation percentage ☒
- A different amount ☐ indicate this amount (%) _____ (\$)

What will the minimum amount of the ordinary rate/s be after the proposed increase? \$737.00

If the increase applies to a special rate, complete this section

What will the minimum amount of the special rate be after the proposed increase? \$_____

IPART will assess applications for minimum rates above the statutory limit against the following set of criteria (in addition to any other matters which IPART considers relevant):

- ▼ the rationale for increasing minimum rates above the statutory amount,
- ▼ the impact on ratepayers, including the level of the proposed minimum rates and the number and proportion of ratepayers that will be on the minimum rates, by rating category or sub-category, and
- ▼ the consultation the council has undertaken to obtain the community's views on the proposal.

See the separate **Minimum Rate Application Form Part B** for more detail on how IPART will assess applications against each of these criteria. It is the council's responsibility to provide enough evidence in its application to justify the increase. Where applicable, councils should make reference to the relevant parts of its Integrated Planning and Reporting documentation to demonstrate how the criteria have been met.

The council must explain how the proposed special variation will apply to the minimum amount of any ordinary and special rate, and any change to the proportion of ratepayers on

the minimum rate for all relevant rating categories that will occur as a result (refer to Part A of the application as necessary).

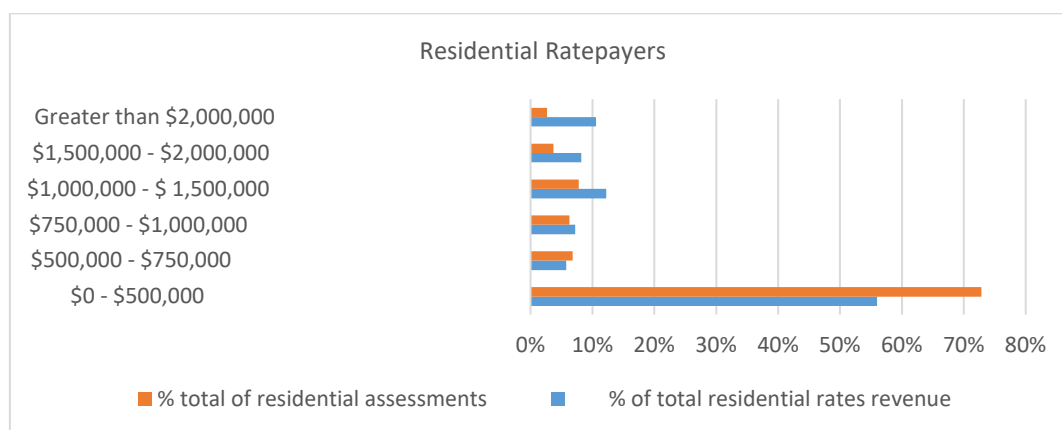
You should also explain the types of ratepayers or properties currently paying minimum rates, and the rationale for the application of the special variation to minimum rate levels.

Note: Council has not submitted a separate Minimum Rate Application Form Part B, instead as per advice from IPART, Council has submitting a combined application and has addressed the Minimum Rate Application criteria in this section.

The proposal to increase the minimum rate was promoted via the *Delivery Program*.

The main purpose of the proposal to increase the minimum rate by the same percentage (7.0%) as the SRV application is to ensure equity in sharing the rating burden. This directly supports the underlying direction and guidelines of Council's *Revenue Policy*, in particular provision 1.2(a) which states "Council will endeavour to apply all revenue policies on an equitable basis".

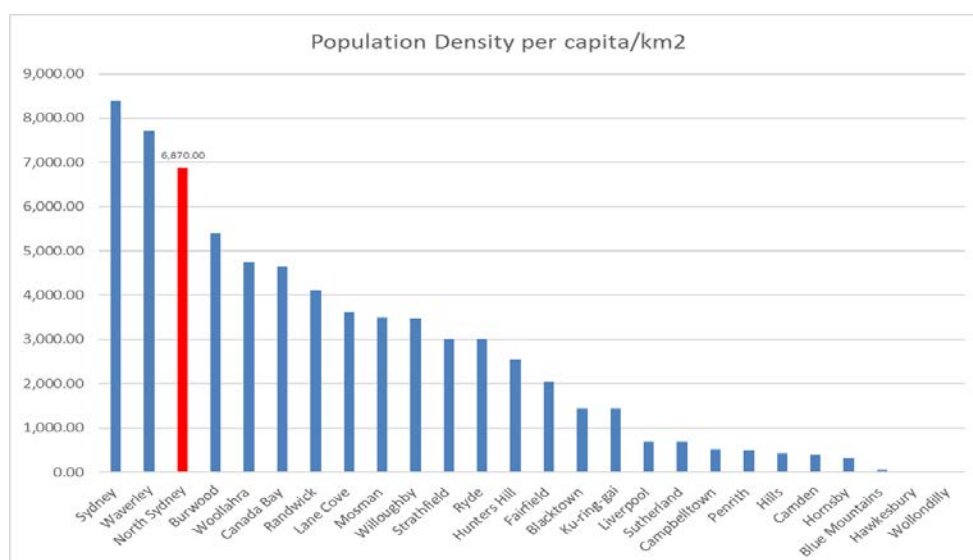
In 2018/19, 76.5% of residential ratepayers and 33.5% of business ratepayers are on the minimum rate of \$526.00. As a percentage of total residential rate revenue, 51.74% is derived from the minimum residential rate, whilst 3.68% of total business rate revenue is derived from the minimum business rate. The following graph shows the 2018/19 average residential rates revenue distribution by land values (2016).



Under the current rating structure, the number of ratepayers on the minimum rate are predicted to increase disproportionately to the number of residential ratepayers residing in separate dwellings; 89.2% of dwellings in the North Sydney LGA are medium or high density.

Dwelling structure ²²							
North Sydney Council area - Dwellings (Enumerated)	2016			2011			Change
Dwelling type	Number	%	Greater Sydney %	Number	%	Greater Sydney %	2011 to 2016
Separate house	3,764	10.2	55.0	4,518	12.9	58.9	-754
Medium density	9,196	25.0	20.3	8,985	25.7	19.7	+211
High density	23,629	64.2	23.5	21,203	60.8	20.7	+2,426
Caravans, cabin, houseboat	11	0.0	0.2	22	0.1	0.2	-11
Other	78	0.2	0.5	112	0.3	0.4	-34
Not stated	107	0.3	0.4	57	0.2	0.1	+50
Total Private Dwellings	36,785	100.0	100.0	34,897	100.0	100.0	+1,888

Population density as reported in the latest reported comparative data 2016/17, indicates North Sydney Council has a density of 6,870 per capita/km². The following graph provides an over view of all Councils and identifies North Sydney Council as having one of the highest in metropolitan Sydney.



By way of background, the North Sydney LGA is currently experiencing significant growth in new dwellings and a large proportion is new high density units. The demand and utilisation of Council facilities for residents living in high density dwellings is potentially greater than the demand from a single household, on average.

This growth is predicted to increase as per the following forecast:

24. Source: Australian Bureau of Statistics, [Census of Population and Housing 2011 and 2016](#). Compiled and presented by [.id](#), the population experts. [accessed 31 January 2019]

Forecast population, households and dwellings ²³					
North Sydney Council area	Forecast year				
Summary	2016	2021	2026	2031	2036
Population	72,036	78,315	80,855	82,628	84,422
Change in population (5yrs)		6,279	2,540	1,773	1,794
Average annual change		1.69%	0.64%	0.43%	0.43%
Households	35,389	38,207	39,604	40,715	41,800
Average household size	2.01	2.02	2.01	2.00	1.99
Population in non-private dwellings	1,001	1,091	1,269	1,359	1,389
Dwellings	37,260	40,215	41,642	42,735	43,795
Dwelling occupancy rate	94.98	95.01	95.11	95.27	95.44

Residents living in houses will effectively bear a greater percentage of the rating burden if the minimum rate is not increased by the full SRV percentage, despite all ratepayers having the same access to Council services, particularly parks, parking and other leisure facilities.

It is proposed that minimum rates will increase by 7% per annum for the next five (5) years. The increase will be inclusive of the annual rate peg percentage increase (2.7% for 2019/20). This will mean that for 2019/20 the minimum residential and business rate will increase by 7% to \$563.00, an increase of \$37.00 on the 2018/19 minimum rate.

This increase is required to ensure the rates burden gap between the minimum and ad valorem ratepayer is minimised.

North Sydney Council was successfully granted a SRV increase commencing in 2012/13 (originally granted in 2011/12). In the determination made by IPART, it was noted that the high percentage of ratepayers on the minimum was an issue which needed to be addressed.

The following table provides details of minimum rates percentages since the previous SRV:

Year	Ordinary Rates	Total Assessments	Minimum Assessments	% minimum Assessments
2012/13	Residential	32,979	27,218	82.53%
	Business	3,720	1,447	38.90%
	Total	36,699	28,665	
2018/19	Residential	35,844	27,415	76.50%
	Business	3,631	1,215	33.50%
	Total	39,475	28,630	

As indicated above, the percentage of ratepayers on the minimum has been reduced for both residential and business properties over this period, however the issue still remains.

The impact of the proposed increase in the minimum rate of 7% (inclusive of rate peg) per annum over the next five (5) years is outlined in the following table:

25. Source: Australian Bureau of Statistics, [Census of Population and Housing](#) 2011 and 2016. Compiled and presented by [.id](#), the population experts. [accessed 31 January 2019]

Residential Ratepayers	2019/20	2020/21	2021/22	2022/23	2023/24
Minimum Rate	\$563.00	\$602.00	\$644.00	\$689.00	\$737.00
No. Assessments on Minimum Rate	27,232	27,215	27,209	27,182	27,169
Total No. Assessments	35,844	35,844	35,844	35,844	35,844
% Assessments on Minimum Rate	75.97%	75.93%	75.91%	75.83%	75.80%
% Minimum Rate over Total Residential Revenue	51.24%	51.15%	51.09%	51.01%	50.94%
Rate Peg %	2.70%	2.50%	2.50%	2.50%	2.50%
Minimum Rate % increase	7.00%	7.00%	7.00%	7.00%	7.00%
% Variance over Rate Peg	4.30%	4.50%	4.50%	4.50%	4.50%
Minimum Rate Annual increase over Rate Peg	\$23.00	\$48.00	\$76.00	\$107.00	\$140.00
Business Ratepayers	2019/20	2020/21	2021/22	2022/23	2023/24
Minimum Rate	\$563.00	\$602.00	\$644.00	\$689.00	\$737.00
No. Assessments on Minimum Rate	1,248	1,239	1,239	1,239	1,239
Total No. Assessments	3,631	3,631	3,631	3,631	3,631
% Assessments on Minimum Rate	34.37%	34.12%	34.12%	34.12%	34.12%
% Minimum Rate over Total Business Revenue	3.79%	3.76%	3.76%	3.77%	3.77%
Rate Peg %	2.70%	2.50%	2.50%	2.50%	2.50%
Minimum Rate % increase	7.00%	7.00%	7.00%	7.00%	7.00%
% Variance over Rate Peg	4.30%	4.50%	4.50%	4.50%	4.50%
Minimum Rate Annual increase over Rate Peg	\$23.00	\$48.00	\$76.00	\$107.00	\$140.00

In order to further reduce the dependence upon residential minimums, a further review of the Council rating structure needs to be carried out. Council recently acquired rates modelling software with the intention of investigating the options available within the current legislation, of finding a rating structure which is equitable and appropriate to the community profile.

At present, 60% of the total ordinary rate is derived from residential ratepayers. This allocation will be reviewed in addition to investigating base rates and ad valorem only rating for residential properties.

Council intends to include the continuation of the quantum of rates received from the Infrastructure Levy and the Environmental levy, and incorporate that quantum of rates into ordinary rates. This inclusion in the SRV application still only results in a 7% increase for each year. This allocation distributes 50% of the quantum of levies across all rate payers thus attempting to share the burden equitably.

It is not necessary for a council to apply to IPART for an increase in minimum rates when the council:

- ▼ is seeking to increase its ordinary minimum rates to any level at or below the statutory limit (even if the increase is by more than the rate peg); or
- ▼ has previously had an increase to its ordinary minimum rate above the statutory limit approved by IPART, and is seeking further increases by the rate peg or the percentage applied for in a special variation application (see section 548(4) and (5) of the Act).

Complete this section for information only if the proposed increase to the minimum amount is not above the statutory limit or if above the statutory limit, the council has previously been granted approval for an increase above the statutory limit (see section 548(4) and (5) of the Act).

Does not apply to North Sydney Council's current application.

Does the council have ordinary rates subject to a minimum amount? Yes ☐ No ☐

Which ordinary rate will the proposed increase apply to? Residential ☐ Business ☐ Farmland ☐

Does the council propose to increase the minimum amount of its ordinary rate/s by:

- The rate peg percentage ☐
- The special variation percentage ☐
- A different amount ☐ Indicate this amount (%) _____ (\$)

What will the minimum amount of the ordinary rate/s be after the proposed increase? \$ _____

Where the minimum rate increase is proposed without a corresponding variation to ordinary rates, a separate Minimum Rate application is required. See the separate Minimum Rate Application Forms Part A and Part B for 2019-20.

5.2 Consideration of affordability and the community's capacity and willingness to pay

The council is required to provide evidence through its IP&R processes, and in its application, of how it assessed the community's capacity and willingness to pay the proposed rate increases. This is to include an explanation of how the council established that the proposed rate rises are affordable for the community.

Evidence about capacity to pay could include a discussion of such indicators as SEIFA rankings, land values, average rates, disposable incomes, the outstanding rates ratio and rates as a proportion of household/business/farmland income and expenditure, and how these measures relate to those in comparable or neighbouring council areas.

As many of these measures are highly aggregated, it may also be useful to discuss other factors that could better explain the impact on ratepayers affected by the proposed rate increases, particularly if the impact varies across different categories of ratepayers.

We may also consider how the council's hardship policy (see Section 5.3 below) might reduce the impact on socio-economically disadvantaged ratepayers.

Capacity to pay was considered in the preparation of current Council's IP&R plans e.g. the Discussion Paper²⁴ that informed the 2018 review of the *North Sydney Community Strategic Plan* included key demographic data, including medium household income. It refers to willingness and capacity of the community to pay on page 24 and page 61.

²⁴ The Community Strategic Plan review Discussion Paper is available from the 'Document Library' at <https://yoursay.northsydney.nsw.gov.au/community-strategic-plan-review> [accessed 31 January 2019]

The following information regarding capacity to pay was considered by the elected Council, via Workshops/Briefings and was subsequently included the report to the Council meeting of 29 October 2018 (**ATTACHMENT 1**), which was exhibited as part of the consultation:

Outstanding Rates Ratio

North Sydney Council's outstanding rates ratio for 2017/18 was 1.29% (1.13% in 2016/17 and 1.05% in 2015/16). This ratio assesses the impact of uncollected rates and annual charges on liquidity and the efficiency of a council's debt recovery effort. The industry benchmark for metropolitan councils is to achieve an annual ratio of less than 5% i.e. less than 5% should remain uncollected.

OLG Comparative Information

North Sydney Council's current rates are comparably low to others in the OLG Group 3. In 2016/17 average residential rates in the North Sydney LGA were \$751.17 (\$724.28 in 2015/16), these were the second lowest in the OLG Group 3 and business rates were \$3,695.64 (\$3,502.07 in 2015/16), these were the fifth lowest in the OLG Group 3.

Neighbouring Councils Comparison

North Sydney Council's current rates are comparably low to its neighbouring council areas. The following table compares North Sydney Council's minimum and average residential rates to its neighbouring councils for the current and previous financial years. Note: in 2018/19, 76% of residential ratepayers pay the minimum ordinary rate.

LGA	OLG Group	2017/18 Minimum Rate - Residential General	2018/19 Minimum Rate - Residential General	2017/18 Average Rate - Residential General	2018/19 Average Rate - Residential General
North Sydney	3	\$514	\$526	\$763.30	\$772.47
Willoughby	3	\$815.25	\$834	\$996	\$1,019
Lane Cove	2	\$886	\$867	\$1,212.57	\$1,226.39
Mosman	2	50% Base \$695 AV ²⁵	50% Base \$710 AV	\$1,390	\$1,420
Sydney	1	\$544.55	\$557	\$692	\$756

The following table compares North Sydney's minimum and average businesses rates to neighbouring councils for the current and previous financial years. Note: in 2018/19, 33% of business ratepayers pay the minimum ordinary rate.

LGA	OLG Group	2017/18 Minimum Rate - Businesses General	2018/19 Minimum Rate - Businesses General	2017/18 Average Rate - Businesses General	2018/19 Average Rate - Businesses General
North Sydney	3	\$514	\$526	\$4,258.31	\$4,798.54
Willoughby	3	\$1,164.30	\$1,191.10	\$6,082	\$6,222
Lane Cove	2	\$866	\$886	\$4,644.15	\$4,817.83

²⁵ Av = ad valorem

LGA	OLG Group	2017/18 Minimum Rate - Businesses General	2018/19 Minimum Rate - Businesses General	2017/18 Average Rate - Businesses General	2018/19 Average Rate - Business General
Mosman	2	40% Base \$1,208 AV	40% Base \$1,238 AV	\$3,021	\$3,097
Sydney - CBD	1	\$696.70	\$712.70	\$18,631	\$21,063
Sydney - Ordinary		\$696.70	\$712.70	\$5,474	6,172

2016 ABS Census Data

42% of households in the North Sydney LGA earned income of \$2,500 or more per week and 9.6% were low income households (earning less than \$650 per week), compared with 28.3% and 15.1% respectively for Greater Sydney.

The median weekly household income in the North Sydney LGA is \$2,356, compared with \$1,745 for Greater Sydney.

The median weekly mortgage payment in the North Sydney LGA is \$597, compared with \$495 for Greater Sydney.

Households with a mortgage in the North Sydney LGA is 20%, compared with 32% for Greater Sydney.

The median weekly rent in the North Sydney LGA is \$582, compared with \$447 for Greater Sydney.

2016 SEIFA Rankings

SEIFA index rankings compares the relative social and economic conditions of cities, towns and suburbs across Australia.

The North Sydney LGA ranks amongst the top 10 most advantaged areas. As indicated by the below table, the North Sydney LGA currently ranks 7th nationally and 4th in NSW.

Rank	Local Government Area	Usual Resident Population
1	Ku-ring-gai (NSW)	118,053
2	Mosman (NSW)	28,475
3	Woollahra (NSW)	54,240
4	Cottesloe (WA)	7,597
5	Peppermint Grove (WA)	1,636
6	Nedlands (WA)	21,121
7	North Sydney (NSW)	67,658
8	Lane Cove (NSW)	36,051
9	Cambridge (WA)	26,783
10	Hunters Hill (NSW)	13,999

North Sydney's 2016 SEIFA Index of Disadvantage (IRSED) was 1108, compared to Mosman 1115, Lane Cove 1111, Willoughby 1083, City of Sydney 1027. An area with an IRSED of 1,000

is considered average while a lower score indicates that the area is experiencing high levels of disadvantage.

Land Values

The following information was obtained from the NSW Valuer General's website. Council's current rates are based on 2016 land valuations. According the NSW Valuer General, there was a modest increase in overall land values throughout the North Sydney LGA between 1 July 2015 and 1 July 2016. However, land value trends varied for different property types. Residential zone properties experienced a strong increase in land values, commercial land values remained steady and industrial land values experienced a slight increase. The following table compares the overall land values throughout the North Sydney LGA between 2015 and 2018²⁶.

Property zone	1 July 2015	1 July 2016	% change	1 July 2017	1 July 2018	% change
Residential	\$18.266b	20.249b	10.9%	\$22.825b	\$26.116b	14.4%
Commercial	\$1.357b	1.381b	1.8%	\$1.434b	\$1.562b	8.9%
Industrial	\$118.5m	\$122.5m	3.3%	\$123.1m	\$134.3m	9.0%
Other	\$728.1m	\$729.2m	0.2%	\$766.4m	\$780.99m	1.9%
Total	\$20.471b	\$22.482b	9.8%	\$25,149b	\$28.593b	13.7%

Service Levels

The 2016 *Customer Satisfaction Survey* results were used to inform preparation of the *Resourcing Strategy/Delivery Program*. Pages 59 to 61 of the Asset Management Strategy component of the *Resourcing Strategy* and pages 8 to 9 of the *Delivery Program* summarises the 2016 *Customer Satisfaction Survey* results.

Feedback regarding the community's willingness to pay for the proposed SRV was sought in two (2) stages. Firstly, during the exhibition of the draft IP&R document which occurred from 10 May to 7 June 2018, during which time a total of 32 submissions were received, with only one (1) specifically objecting to a financial scenario involving a SRV. The second occasion was the consultation specifically regarding the SRV and minimum rate increase proposal, which occurred from 1 November 2018 to 16 January 2019.

5.3 Addressing hardship

In addition to the statutory requirement for pensioner rebates, most councils have a policy, formal or otherwise to address issues of hardship.

Does the council have a Hardship Policy?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If Yes, is an interest charge applied to late rate payments?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Does the council propose to introduce any measures to reduce the impact of the proposed special variation on specific groups in the community?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

²⁶ http://www.valuergeneral.nsw.gov.au/land_value_summaries/region.php [accessed 1 February 2019]

You should attach a copy of the Hardship Policy and explain below who the potential beneficiaries are and how they are assisted.

Please provide details of any other measures addressing hardship to be adopted, or alternatively, explain why no measures are proposed.

The council is also to indicate whether the hardship policy or other measures are referenced in the council's IP&R documents (with relevant page reference or extract provided).

North Sydney Council's *Financial Hardship Policy* (**ATTACHMENT 10**) covers situations where ratepayers believe they have suffered financial hardship by way of the Council utilising a General Revaluation for rating purposes for the first time i.e. hardship is caused from the use of new valuations.

As articulated on page 25 of the LTFP section of Council's *Resourcing Strategy*, "Council's policy regarding the interest rate on outstanding rates is to charge the maximum allowable by the OLG. It has been assumed that this will be 7.5% per annum for the life of this plan".

The following additional measures addressing hardship are already in place:

a) Council's *Debt Recovery Policy* includes provisions for payment arrangements where ratepayers are experiencing financial difficulties, clause 4.1.4 "allows ratepayers to enter into a mutual agreement with Council to pay rates by instalments, other than S562 of the Local Government Act 1993". This policy is available from Council's website²⁷.

For debt recovery procedures associated with outstanding rates and annual charges, Council makes every attempt to avoid legal costs, where possible. Council uses every available means in an attempt to locate ratepayers and provide further opportunity to make full payment or enter into a payment plan which addresses the overdue balance including any interest or legal costs. Periodical payment of rates is offered to ratepayers and is displayed on the Council rate notice.

Note: Council's *Financial Hardship Policy* and *Debt Recovery Policy* will be reviewed in early 2019 in response to the release of the OLG *Debt Management and Hardship Guidelines* (released November 2018). Both policies were last reviewed in early 2018 and were re-adopted on 25 June 2018.

b) Council offers all pensioner ratepayers a discount of 50% off the cost of the standard DWMC, this is over and above the mandatory concessions under the NSW Government Mandatory Pensioner Concession Scheme. This is in addition to the granting of the pension concession as outlined in the *Local Government Act 1993*. A total of 1,563 pensioner concession claims were applied for by Council on the 2018/19 Pensioner Concession Subsidy Claim (as per application to OLG).

c) Council also offers an annual Christmas cash bonus for eligible aged pensioners. The amount available varies each year based on the number of applicants.

²⁷ The Debt Recovery Policy is available from Council's Policy Manual at https://www.northsydney.nsw.gov.au/Council_Meetings/Policies_Plans/Council_Policies [accessed 31 January 2019]

6 Assessment criterion 4: Public exhibition of relevant IP&R documents

Criterion 4 in the Guidelines is:

The relevant IP&R documents must be exhibited (where required), approved and adopted by the council before the council applies to IPART for a special variation to its general revenue.

Briefly outline the significant IP&R processes the council has undertaken to reach the decision to apply for a special variation. Include the details of and dates for key document revisions, public exhibition period(s) and the date(s) that the council adopted the relevant IP&R documents.²⁸

You should also include extracts from council minutes as evidence that the documents were adopted.

The council is reminded that the Community Strategic Plan and Delivery Program (if amended), require public exhibition for at least 28 days prior to adoption. Amendments to the Long Term Financial Plan and Asset Management Plan do not require public exhibition.²⁹ However, it would be expected that the Long Term Financial Plan would be posted, in a prominent location, on the council's website.

North Sydney Council has long had a strategic plan in place to guide its planning and decision making. The *North Sydney Community Strategic Plan* was initially founded in 1996. Reiterations of the Community Strategic Plan have been prepared in 2004 (then known as the 2020 Vision), 2009 (updated 2011), 2013 and most recently in early 2018 following extensive community consultation programs. Council was an early adopter of IP&R i.e. was a Group 1 participant, choosing to prepare its first suite of IP&R plans ahead of the mandatory deadline.

Council periodically engages the services of an independent research company to conduct its *Customer Satisfaction Survey*, to determine community attitudes towards our services and facilities, seeking feedback regarding satisfaction with and importance of services and facilities. The survey findings are used to prioritise areas identified through the survey results and are considered in the development of Council's IP&R plans. Some of the findings of the *Customer Satisfaction Survey* are used to measure indicators within the *Community Strategic Plan*. In the last year of the term of the current Council, there is a requirement to produce an *End of Term Report* (2018) which measures progress against the *Community Strategic Plan* (2013).

The *End of Term Report 2018* was presented to the outgoing Council at its meeting of 24 July 2017 (Minute No. 288)³⁰.

²⁸ The relevant IP&R documents are the Community Strategic Plan, Delivery Program, Long Term Financial Plan and where applicable, the Asset Management Plan.

²⁹ Office of Local Government (then Division of Local Government), *Integrated Planning and Reporting Manual for local government in NSW*, March 2013, pp 5-6.

³⁰https://www.northsydney.nsw.gov.au/Council_Meetings/Meetings/Council_Meetings/Council_24_Jul_2017

The current governing body (the current term of Council) was elected on 9 September 2017.

The Council at its meeting of 20 November 2017 considered report GMO04 and resolved Extract of Council minutes (GMO04, 20 November 2017, Minute No. 406):

Voting was as follows:

For/Against 8/0

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Y	
Beregi	Y		Drummond	Y	
Keen	Y		Gunning	Y	
Brodie	Y		Mutton	Y	
Carr	Absent		Baker	Absent	

RESOLVED:

- 1. THAT** Council notes the preparation timetable for the review of the Community Strategic Plan which is also applicable to the review of the other components of Council's Integrated Planning and Reporting Framework.
- 2. THAT** Council endorses the Community Engagement Strategy for the review of the Community Strategic Plan.

As detailed in Section 2.2, seven (7) confidential Councillor Workshops/Briefings were held with Councillors. The series of Councillor Workshops/Briefings enabled Councillors to discuss the proposal in detail with Council staff - whilst not all Councillors attended the Workshops/Briefings, the notes/presentation slides from these sessions were distributed to all Councillors.

The first phase of community consultation period ran from mid December 2017 to 25 March 2018. The engagement included a dedicated Your Say web page³¹. During this period Council received numerous submissions (including written submissions, photographs and children's artwork) and drew on numerous major recent project specific consultations (as summarised in the *Discussion Paper*) to inform preparation of its revised IP&R draft suites of plans.

The Community Strategic Plan review engagement findings were reported to the Governance Committee on 9 April 2018.

Council at its meeting of 30 April 2018 (in adopting the Minutes of the Governance Committee meeting held 9 April 2018) resolved (CoS03, 30 April 2018, Minute No. 116, resolution No. 2:

³¹ <https://yoursay.northsydney.nsw.gov.au/community-strategic-plan-review>

Voting was as follows:

For/Against 9/0

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Y	
Beregi	Y		Drummond	Y	
Keen	Y		Gunning	Absent	
Brodie	Y		Mutton	Y	
Carr	Y		Baker	Y	

RESOLVED:

1. **THAT** the Policy Manual be referred to the next Governance Committee meeting to facilitate consideration of the matters raised by the Committee at this meeting.
2. **THAT** the Community Strategic Plan Review - Engagement Findings Summary be received and noted.
3. **THAT** all staff involved in preparation of the CSP be congratulated for their efforts.
4. **THAT** the Youth Councillor Mentor Program report be received.
5. **THAT** Councillors advise the General Manager if they are interested in nominating
6. **THAT** the result of the 2017 Constitutional Referendum be noted.

The second phase of community consultation involved the public exhibition of the draft IP&R suite of plans. The draft *North Sydney Community Strategic Plan 2018-2028*, the draft *Resourcing Strategy 2018/19-2027/28* and the draft *Delivery Program 2018/19-2020/21* (incorporating the *Operational Plan 2018/19*) were reported to the Council on 7 May 2018. Council resolved to place the draft *North Sydney Community Strategic Plan 2018-2028*, the draft *Resourcing Strategy 2018/19-2027/28* and the draft *Delivery Program 2018/19-2020/21* on public exhibition for (minimum) 28 days, running 10 May to 7 June 2018. Extract of Council minutes (GMO01, 7 May 2018, Minute No. 132) adopting the draft *North Sydney Community Strategic Plan 2018-2028*:

The Motion was moved by Councillor Baker and seconded by Councillor Beregi.

The Motion was put and carried.

Voting was as follows:

For/Against 7/0

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Y	
Beregi	Y		Drummond	Y	
Keen	Y		Gunning	Absent	
Brodie	Absent		Mutton	Y	
Carr	Absent		Baker	Y	

RESOLVED:

1. **THAT** the *Draft North Sydney Community Strategic Plan 2013-2023* be placed on public exhibition for 28 days, commencing from Thursday 10 May 2018.
2. **THAT** a further report be prepared for Council's consideration at the end of the closing period for submissions.

Extract of Council minutes (GMO03, 7 May 2018, Minute No. 134) adopting the draft *Resourcing Strategy 2018/19-2027/28*:

The Motion was moved by Councillor Barbour and seconded by Councillor Drummond.

The Motion was put and carried.

Voting was as follows:

For/Against 7/0

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Y	
Beregi	Y		Drummond	Y	
Keen	Y		Gunning	Absent	
Brodie	Absent		Mutton	Y	
Carr	Absent		Baker	Y	

RESOLVED:

- 1. THAT** the draft Resourcing Strategy 2018/19-2027/28 be placed on public exhibition for 28 days, commencing from Thursday 10 May 2018.
- 2. THAT** a further report be prepared for Council's consideration at the end of the closing period for submissions.

Extract of Council minutes (GMO02, 7 May 2018, Minute No. 133) adopting the draft *Delivery Program 2018/19-2020/21*:

The Motion was moved by Councillor Barbour and seconded by Councillor Drummond.

The Motion was put and carried.

Voting was as follows:

For/Against 5/2

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Y	
Beregi		N	Drummond	Y	
Keen	Y		Gunning	Absent	
Brodie	Absent		Mutton	Y	
Carr	Absent		Baker		N

RESOLVED:

- 1. THAT** the *Draft Delivery Program 2018/19-2020/21 and Operational Plan 2018/19* forecast estimates for 2019/20 (Year 2) and 2020/21 (Year 3) be based on Scenario 3 of the Long Term Financial Plan in order to meet community expectations in accordance with the community consultation findings of the Community Strategic Plan review.
- 2. THAT** the *Draft Delivery Program 2018/19-2020/21 and Operational Plan 2018/19* be endorsed and placed on public exhibition for 28 days commencing Thursday 10 May 2018.

As mentioned under Section 5.2, Council received a total of 32 submissions during the exhibition period with the majority supporting the plans and only one (1) specifically objecting to a financial scenario involving a SRV.

The *North Sydney Community Strategic Plan 2018-2028*, the *Resourcing Strategy 2018/19-2027/28* and the *Delivery Program 2018/19-2020/21* were adopted by the Council on 25 June 2018, including Scenario 3 as the adopted 'preferred' financial scenario (i.e. involves a SRV). Extract of Council minutes (CoS01, 25 June 2018, Minute No. 208) adopting the *North Sydney Community Strategic Plan 2018-2028*:

The Recommendation was moved by Councillor Barbour and seconded by Councillor Drummond.

The Motion was put and carried.

Voting was as follows:

For/Against 9/0

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Y	
Beregi	Y		Drummond	Y	
Keen	Y		Gunning	Y	
Brodie	Y		Mutton	Y	
Carr	Y		Baker	Absent	

RESOLVED:

1. **THAT** Council adopts the North Sydney Community Strategic Plan 2018-2028.
2. **THAT** the Mayor write to all those members of the community who provided submissions during the public exhibition period, thanking them for their efforts and support in preparing the North Sydney Community Strategic Plan 2018-2028.

Extract of Council minutes (CoS02, 25 June 2018, Minute No. 182) adopting the *Resourcing Strategy 2018/19-2027/28*:

The Recommendation was moved by Councillor Mutton and seconded by Councillor Barbour.

The Motion was put and carried.

Voting was as follows:

For/Against 6/4

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Y	
Beregi		N	Drummond	Y	
Keen	Y		Gunning		N
Brodie	Y		Mutton	Y	
Carr		N	Baker		N

RESOLVED:

1. **THAT** Council adopts the Resourcing Strategy 2018/19-2027/28, inclusive of Scenario 3, as the preferred Financial Scenario and this supersedes all previous Resourcing Strategies.

Extract of Council minutes (CoS03, 25 June 2018, Minute No. 183) adopting the *Delivery Program 2018/19-2020/21*:

The Recommendation was moved by Councillor Barbour and seconded by Councillor Drummond.

The Motion was put and carried.

Voting was as follows:

For/Against 7/3

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Y	
Beregi		N	Drummond	Y	
Keen	Y		Gunning	Y	
Brodie	Y		Mutton	Y	
Carr		N	Baker		N

RESOLVED:

1. THAT Council adopts the *Delivery Program 2018/19-2020/21 and Operational Plan 2018/19*, including the revised forecast estimates for 2019/20 (Year 2) and 2020/21 (Year 3) prepared under Scenario 3 of the *North Sydney Council Resourcing Strategy 2018-2028*.

The third phase of community consultation involved the public exhibition of amendments to Council's IP&R plans. Whilst amendments to the Long Term Financial Plan and Asset Management Plan do not require public exhibition. Council choose to publicly exhibit amendments to its Resourcing Strategy for 2.5 months, coinciding with its designated SRV/minimum rate increase consultation (i.e. above the 28 days minimum and posted in a prominent location on Council's website as detailed in Section 4.1).

Council's Asset Management Plans (per asset class) were updated in mid-2018. Whilst the Asset Management Plans are publicly available via a designated page of Council's website³², they were prominently promoted on the designated webpages for the Amended IP&R plans and Proposed SRV/Minimum Rate Increase via an 'Important Link'.

The amended *Resourcing Strategy 2018/19-2027/28* and the amended *Delivery Program 2018/19-2020/21* were reported to the Council on 29 October 2018 (**ATTACHMENT 1**), together with the recommendation that Council resolve its 'intent' to apply for a special rate variation and minimum rate increase under Scenario 3 (its adopted 'preferred' financial scenario). Extract of Council minutes (GMO01, 29 October 2018, Minute No. 366):

³² Council's suite of Asset Management Plans (per asset class) are available at https://www.northsydney.nsw.gov.au/Council_Meetings/Policies_Plans/Integrated_Planning_Reporting/Asset_Management_Plans

The Motion was put and **carried**.

Voting was as follows:

For/Against 6/4

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Y	
Beregi		N	Drummond	Y	
Keen	Y		Gunning		N
Brodie	Y		Mutton	Y	
Carr		N	Baker		N

RESOLVED:

- 1. THAT** Council confirms its intent to apply to IPART for a SRV and minimum rate increase effective from 2019/20.
- 2. THAT** the Amended Resourcing Strategy (inclusive of reduced SRV duration under Scenarios 2 and 3, from 7 to 5 years), the Amended Delivery Program and the Draft Revenue Policy 2019/20 be endorsed for public exhibition from 1 November 2018 to 16 January 2019.
- 3. THAT** the Community Engagement Strategy be adopted, and the engagement period regarding the proposed SRV and minimum rate increase run from 1 November 2018 to 16 January 2019.
- 4. THAT** the engagement outcomes be reported to the first Council meeting of 2019 (late January) and for Council to determine whether to proceed with submitting an application to IPART for a SRV and minimum rate increase effective from 2019/20.

Community consultation commenced on 1 November 2018 and concluded on 16 January 2019.

Council' notice of intention to apply for a special variation and minimum rate increase (combined application) was submitted to IPART on 27 November 2018.

The *Resourcing Strategy 2018/19-2027/28* and *Delivery Program 2018/19-2020/21* (post exhibition/final versions) were re-reported by the Council at its meeting of 29 January 2019, at which time Council also confirmed it would proceed to submit a combined application to IPART for a SRV and minimum rate increase. Extract of Council minutes (GMO01, 29 January 2019, Minute No. 10):

The Motion was put and **carried**.

Voting was as follows:

For/Against 6/4

Councillor	Yes	No	Councillor	Yes	No
Gibson	Y		Barbour	Y	
Beregi		N	Drummond	Y	
Keen	Y		Gunning		N
Brodie	Y		Mutton	Y	
Carr		N	Baker		N

RESOLVED:

- 1. THAT** Council proceed with submitting to IPART a combined application for an SRV and minimum rate increase, in accordance with preferred Scenario 3. This is for an SRV and minimum rate increase of 7% per annum for five (5) years effective from the commencement of the 2019/20 financial year.
- 2. THAT** the Resourcing Strategy, exhibited from 1 November 2018 to 16 January 2019 be adopted, inclusive of the final amendments detailed in this report and preferred Scenario 3.
- 3. THAT** the Delivery Program, exhibited from 1 November 2018 to 16 January 2019 be adopted, inclusive of the final amendments detailed in this report and preferred Scenario 3.
- 4. THAT** the Revenue Policy 2019/20, exhibited from 1 November 2018 to 16 January 2019 be adopted, inclusive of the final amendments detailed in this report and preferred Scenario 3.

7 Assessment criterion 5: Productivity improvements and cost containment strategies

Criterion 5 in the Guidelines is:

The IP&R documents or the council's application must explain the productivity improvements and cost containment strategies the council has realised in past years, and plans to realise over the proposed special variation period.

In this section, you must provide details of any productivity improvements and cost containment strategies that you have implemented during the last two years (or longer) and any plans for productivity improvements and cost containment over the duration of the proposed special variation.

The council should quantify in dollar terms its past and future productivity improvements and cost savings and present these as a percentage of operating expenditure where possible.

These strategies, which may be capital or operational in nature, must be aimed at reducing costs and/or improving efficiency. Indicate if any initiatives are to increase revenue eg, user charges. Please include below whether the proposed initiatives (ie, cost savings) have been factored into the council's Long Term Financial Plan.

The council may also provide indicators of efficiency, either over time or in comparison to other relevant councils (eg, it may provide trends for its operating expenditure as a percentage of population). We will make similar comparisons using various indicators and OLG data provided to us.

Criterion 5 in the Guidelines is:

The IP&R documents or the council's application must explain the productivity improvements and cost containment strategies the council has realised in past years, and plans to realise over the proposed special variation period.

In this section, you must provide details of any productivity improvements and cost containment strategies that you have implemented during the last two years (or longer) and any plans for productivity improvements and cost containment over the duration of the proposed special variation.

The council should quantify in dollar terms its past and future productivity improvements and cost savings and present these as a percentage of operating expenditure where possible.

These strategies, which may be capital or operational in nature, must be aimed at reducing costs and/or improving efficiency. Indicate if any initiatives are to increase revenue eg, user charges. Please include below whether the proposed initiatives (ie, cost savings) have been factored into the council's Long Term Financial Plan.

The council may also provide indicators of efficiency, either over time or in comparison to other relevant councils (eg, it may provide trends for its operating expenditure as a percentage of population). We will make similar comparisons using various indicators and OLG data provided to us.

In 2006 Sennitt Management Services undertook an *Efficiency Review of North Sydney Council*, and found that the organisation was overall very efficient. Recommendations for review were made to improve performance. All these recommendations were undertaken by 2011.

External community (customer) satisfaction surveys are undertaken periodically. Feedback from the community, both residents and businesses, is used to inform service delivery standards and service level requirements (as detailed in Sections 4.2, 5.2 and 6).

North Sydney Council has for many years outsourced the majority of its service delivery. Council has a small day labour force as it undertakes direct service delivery only where it is cost effective to do so e.g. street sweeping (n=36 positions) and parks maintenance (n=49 positions). This gives Council a higher degree of flexibility and control over day-to-day work priorities and the ability to react quickly to service demands e.g. special conditions by extreme weather etc. Council marks-to-market through competitive tendering processes e.g. garbage collection, footpath construction, motor vehicle maintenance, graffiti management as Council has a small number of permanent outdoor engineering staff (n=24 positions). Examples of recently advertised or awarded tenders, that demonstrate service delivery outsourcing, include waste and recycling collection and processing, property management services (includes maintaining tenants and leasing arrangements across Council's property portfolio), open space maintenance (including landscaping e.g. tree, horticultural and irrigation services, mulching, tree grinding and removal etc); and property maintenance services (includes painting, plumbing, electrical, general building maintenance, cleaning of drains etc). This saves approximately \$500,000 per annum on running a stores department.

Examples of collaboration with other councils to achieve best value for money solutions and to reduce administration overheads are electricity (through SSROC), turf supply and management (NSROC), asphalt road servicing and patching (NSROC) and library management system (Shorelink).

Council also partners with its neighbouring and regional councils to provide additional services such as Aboriginal heritage recognition and education and the Community Recycling Centre.

Council has an ongoing performance review and improvement strategy in place. Reviews of the organisation are undertaken regularly. This includes the annual Internal Audit Program facilitated by Council's Internal Auditor, a function shared with neighbouring/regional councils. These reviews are undertaken in-house or with external assistance. As a result of the strategy, ongoing productivity improvements have been made, freeing up resources for re-allocation to other priorities, driving increased efficiency, improving income and producing expenditure reductions. Council services have been tendered externally to ensure service delivery efficiencies are maximised.

Through the performance review and improvement strategy, reviews have been undertaken to achieve different objectives. These include reviews of:

- structure, service levels and performance
- service delivery method and scope
- service delivery processes and standards
- supporting plans and strategies e.g. plans of management

ATTACHMENT 11 lists the productivity improvements and cost containment strategies that were identified in Council's successful 2012/13 SRV application, indicating when the review was completed and quantifies the savings/income generated in dollar terms, where possible.

Additionally, **ATTACHMENT 12** lists the productivity improvements and cost containment strategies that Council has implemented since 2012/13 and details the future strategies planned/incorporated into the Delivery Program/LTFP (quantifying in dollar terms where possible.)

8 List of attachments

The following is a list of the supporting documents to include with your application.

Some of these attachments will be mandatory to all special variation applications (eg, extracts from the Community Strategic Plan).

Other attachments will be required from some, but not all, councils. For example, extracts from the Asset Management Plan would be required from a council seeking approval of a special variation to fund infrastructure.

Councils should submit their application forms and attachments online through the Council Portal in the following order. Councils may number the attachments as they see fit.

Item	Included?
Mandatory forms and Attachments	
Part A Section 508A and Section 508(2) Application form (Excel spreadsheet)	<input checked="" type="checkbox"/>
Part B Application form (Word document) – this document	<input checked="" type="checkbox"/>
Relevant extracts from the Community Strategic Plan ATTACHMENT 13	<input checked="" type="checkbox"/>
Delivery Program ATTACHMENT 14	<input checked="" type="checkbox"/>
Long Term Financial Plan with projected (General Fund) financial statements (Income, Cash Flow and Financial Position) in Excel format ATTACHMENT 16	<input checked="" type="checkbox"/>
NSW Treasury Corporation report on financial sustainability (if available) ATTACHMENT 2A (Confidential) and 2B (Public)	<input checked="" type="checkbox"/>
Media releases, public meeting notices, newspaper articles, fact sheets relating to the rate increase and proposed special variation ATTACHMENTS 5, 6, 7, 8, 9	<input checked="" type="checkbox"/>
Community feedback (including surveys and results if applicable) ATTACHMENT 5	<input checked="" type="checkbox"/>
Hardship Policy ATTACHMENT 10	<input checked="" type="checkbox"/>
Resolution to apply for the proposed special variation ATTACHMENT 5	<input checked="" type="checkbox"/>
Certification (see Section 9) ATTACHMENT 15	<input checked="" type="checkbox"/>
Other Attachments	
Relevant extracts from the Asset Management Plan	<input checked="" type="checkbox"/> ³³
Past Instruments of Approval (if applicable)	n/a
Resolution to adopt the revised Community Strategic Plan (if necessary) and/or Delivery Program DETAILED WITHIN SECTION 6	<input checked="" type="checkbox"/>

³³ Council suite of Asset Management Plans are available at https://www.northsydney.nsw.gov.au/Council_Meetings/Policies_Plans/Plans_of_Management/Asset_Management_Plans [accessed 31 January 2019]

Other (please specify)



SUMMARY ATTACHMENTS TO SUPPORT APPLICATION

ATTACHMENT 1 - Council report GMO01, 29 October 2018 (including attachment 1 only)

ATTACHMENT 2A - TCorp's Financial Assessment, Sustainability and Benchmarking Report (March 2013) *[CONFIDENTIAL ATTACHMENT]*

ATTACHMENT 3 - 2017/18 Auditors Report, 30 October 2018

ATTACHMENT 4 - Community Engagement Strategy (adopted 29 October 2018)

ATTACHMENT 5 - Council report GMO01, 29 January 2019 (including attachment 1 and 2 only)

ATTACHMENT 6 - Media Release, 1 November 2018

ATTACHMENT 7 - Direct Letter to Ratepayers, 1 November 2018

ATTACHMENT 8 - Information Sheet, 1 November 2018

ATTACHMENT 9 - Fact Sheets (x3)

ATTACHMENT 10 - Hardship Policy

ATTACHMENT 11 - Productivity Improvements Completed (as per 2012/13 SRV application)

ATTACHMENT 12 - Productivity Improvements Summary 2012/13 to future

ATTACHMENT 13 - Community Strategic Plan

ATTACHMENT 14 - Delivery Program

ATTACHMENT 15 - Certification

ATTACHMENT 16 - Resourcing Strategy (including LTFP)

9 Certification

APPLICATION FOR A SPECIAL RATE VARIATION

To be completed by General Manager and Responsible Accounting Officer

Name of council: [North Sydney Council](#)

We certify that to the best of our knowledge the information provided in this application is correct and complete.

General Manager (name): [Ken Gouldthorp](#)

Signature and Date:

Responsible Accounting Officer (name): [Garry Ross, Manager Financial Services](#)

Signature and Date:

Once completed, please scan the signed certification and attach it as a public supporting document online via the Council Portal on IPART's website.