



# NORTH SYDNEY COUNCIL

## MEDIA RELEASE

### **Council resolves intent to apply for a Special Rate Variation**

North Sydney Council has confirmed its intent to apply for a *Special Rate Variation (SRV)* starting from the 2019/20 financial year. Council's financial forecasts indicate Council's costs will exceed available income by 2020/21 and its asset management plans show \$45 million is required to renew essential infrastructure in very poor condition and to prevent further deterioration.

At its meeting on Monday 29 October the Council resolved to consult the community on three scenarios, including its preferred scenario of a 7% rate rise (inclusive of the annual rate peg) for five years.

The Council also confirmed its intent to have the SRV apply to all rateable properties, including properties on the minimum rate. At present, 76% of residential ratepayers and 33% of business ratepayers pay the minimum rate.

The three options are:

#### **Scenario 1 - increase rates at the rate peg only**

Under this Scenario, the average residential rate would increase by \$23 per year or \$115 in total over five years. However, to maintain a balanced budget, Council would need to make cuts to some services including street cleaning, graffiti removal, tree planting, events, economic development, grants to community groups and centres and shorter library opening hours. Scenario 1 would also mean that Council could not address the backlog of essential infrastructure that has been independently assessed as being in poor or very poor condition and more infrastructure would shift into these high risk categories over time.

#### **Scenario 2 - increase rates by 5.5% (inclusive of the rate peg) for five years**

Under this Scenario, the average residential rate would rise by \$51 per year, or \$253 in total over five years. This would allow Council to maintain the current level of services and allocate an additional \$9.3m to asset renewal, such as maintaining marine structures, retaining walls, drainage, footpaths and roads. Council would also be able to invest \$3m in upgrading Neutral Bay and Cremorne villages, \$2m in Bradfield Park South, \$700,000 on three local playgrounds and \$180,000 on a walking trail in Badangi Reserve.

#### **Scenario 3 - increase rates by 7% (inclusive of the rate peg) for five years**

Under this scenario, which has been put forward as the preferred choice, the average residential rate would rise by \$66 per year or \$328 in total over five years. This would allow Council to maintain the current level of services and complete all the projects detailed in Scenario 2. It would also provide an additional \$14.3m for asset renewal over the life of the SRV and allow Council to invest in the following projects: \$4.8m on St Leonards Park, \$1m



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upgrading Kirribilli and McMahon's Point villages, \$750,000 on Anderson and Primrose Parks and \$300,000 on three bushland trails.

Councils are awarded an annual increase each year which is known as the rate peg. If they want to increase rates above the rate peg they need to seek approval from the Independent Pricing and Regulatory Tribunal (IPART) and meet a range of criteria including demonstrating productivity and efficiency savings. Other factors considered by IPART are the community's attitude to a rate rise and its capacity to pay.

North Sydney Council's current residential rates are among the lowest in Sydney and lower than its neighbours, including Mosman, Willoughby and Lane Cove councils.

Even after a 7% rate rise for five years, North Sydney's average residential rate would be \$1,101 in 2023/24 - less than both Mosman and Lane Cove Councils' average residential rate today.

Residents can have their say on the proposals until 16 January by visiting the Your Say section of Council's website. During the consultation period, Council will hold three information sessions at the North Sydney Leagues Club, the Hutley Hall and Neutral Bay Club during November. These will include presentations by senior staff followed by a Q&A.

There will also be eight drop-in sessions at markets and events around the LGA. A random telephone survey will be undertaken with 400 residents and 200 businesses and all ratepayers, residents and other stakeholders will be able to complete the survey on Council's website.

Community feedback will be reported back to Council in late January 2019. Council will then determine whether to submit an SRV proposal to IPART for consideration.

**Mayor Jilly Gibson:** "The services Council provides are highly valued by our community. Our residents know that the area is well maintained – our parks are first class, the streets are clean and the verges are mowed. These things add to quality of life and I am confident that ratepayers will be happy to pay a few dollars extra each week to keep services at current levels.

"Discussions about rate rises are always contentious, but I believe North Sydney is an intelligent community and residents and businesses are able to have a thoughtful and measured discussion about what services they are prepared to pay for. I encourage residents and ratepayers to attend a ward forum or drop in session so that they are fully aware of the options on the table and how Council would spend the additional income a rate rise would bring."



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**General Manager Ken Gouldthorp:** “Councils do not take the decision to apply for a special rate variation lightly. When we lodge an application with IPART we are required to demonstrate that we are already making savings from efficiencies, and that a rate rise is necessary to deliver the services and infrastructure the community wants. We are also accountable for the works we commit to in the application, so the community knows that we will spend the additional revenue on the projects we nominate in our application.

“While Council could trim or cut services to maintain a balanced budget in the short term, the cuts would need to be greater with each successive year. At the same time, we would be going backwards in infrastructure maintenance. Both Scenarios 2 and 3 allow us to make inroads into renewing essential infrastructure that is currently in very poor condition. If we don’t tackle this, more of our existing infrastructure will depreciate and be at risk of failing.”

**Robert Emerson, Director Open Space & Environmental Services:** “St Leonards Park and Bradfield Park are the two iconic parks in North Sydney. Bradfield Park is heavily used by residents and visitors and the southern area of the park is in need of an upgrade.

“St Leonards Park is a treasured community park which is used by many different groups including residents, local schools and workers. In consultation for the masterplan, the community was clear about its desire to maintain the heritage and integrity of the park while upgrading the footpaths, lights, toilets and picnic areas to ensure it can be safely used by everyone in the community.”

**Duncan Mitchell, Director Engineering & Property Services:** “For many decades, local government under-invested in infrastructure, creating a backlog that modern councils are working hard to address. North Sydney is doing well compared to many NSW councils but we still have \$45m worth of essential infrastructure that is classified to be in very poor condition, including drains, retaining walls and footpaths.

“Over the past decade, successive customer satisfaction surveys have identified roads and footpaths as a high priority for the community. Consultation for the current Community Strategic Plan found that upgrading the urban design of the smaller commercial centres while maintaining the village feel was also a priority for the community.”



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### At a glance

Council's current average residential rate is \$772.47 a year – lower than Mosman, Willoughby and Lane Cove Councils. Currently, 75% of residential ratepayers pay the minimum rate which is \$526 a year.

Financial forecasts show Council's income won't meet its costs by 2020/21. If not addressed, a \$6.7m funding shortfall is predicted over the next five years.

Council is putting forward three options to the community – stay at the rate peg and decrease services, increase rates by 5.5% each year for five years to maintain services and assets or increase rates by 7% rise each year for five years to maintain services and renew assets. The 5.5% and 7% increase would be inclusive of the annual rate peg increase.

A 5.5% increase over five years – a 28.9% increase in total – would bring the average residential rate to \$1,025 in 2023/24.

A 7% increase over five years – a 36.4% increase in total – would bring the average residential rate to \$1,101 in 2023/24.

Even after the 7% rise, North Sydney's average residential rate in 2023/24 would still be less than both Mosman and Lane Cove councils' average residential rate is today.

The community consultation, which includes information sessions and drop-in information kiosks across the LGA, runs from 1 November 2018 until 16 January 2019.

### Information Sessions:

- Wednesday 7 November 2018, North Sydney Leagues Club, Cammeray
- Monday 12 November 2018, Hutley Hall, North Sydney
- Thursday 22 November 2018, Neutral Bay Club, Neutral Bay

### Drop-in Information Kiosks:

- Sunday 11 November 2018, from 9am to 3pm, Kirribilli Art Design & Fashion Markets
- Wednesday 14 November 2018, from 11am to 2pm, Brett Whiteley Place, North Sydney
- Saturday 17 November 2018, from 8am to 12 Noon, Ros Crichton Pavilion during the Northside Produce Markets
- Wednesday 21 November 2018, from 10am to 2pm, Grosvenor Lane Carpark, Neutral Bay
- Sunday 25 November 2018, from 9am to 3pm, Coal Loader Artisans Market



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- Saturday 1 December 2018, from 8am to 12 Noon, Ros Crichton Pavilion during the Northside Produce Markets
- Tuesday 4 December 2018, from 10am to 1pm, Crows Nest Centre
- Saturday 12 January 2019, from 8am to 12 Noon, Cammeray Village (between Miller St and car park)

ENDS