

INVESTING IN OUR FUTURE

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

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

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

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

WHERE WE ARE NOW

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

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



WHAT IS A SPECIAL RATE VARIATION?

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

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

Figure 1: Our sources of income

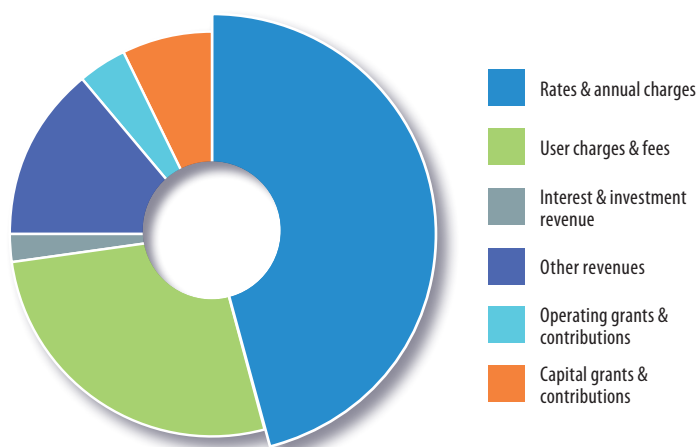


Figure 2: How the money is spent

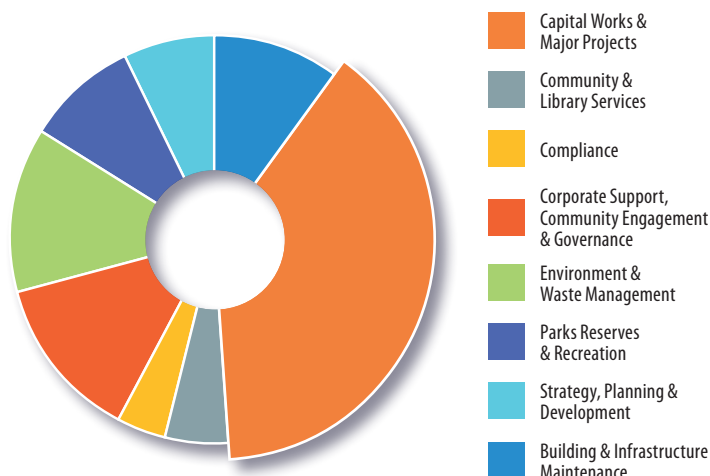
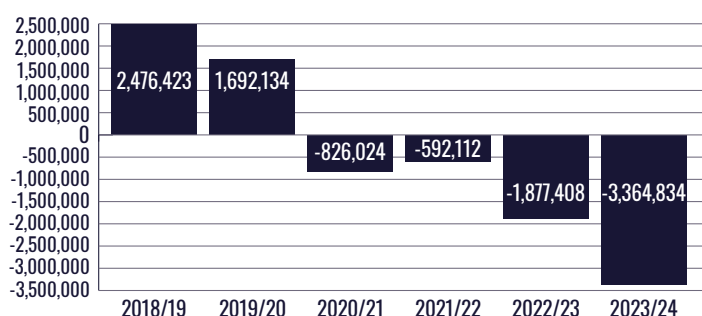


Figure 3: Financial forecast (without an SRV)

NET OPERATING RESULT BEFORE CAPITAL GRANTS AND CONTRIBUTIONS



Scenario 1: rate peg only REDUCE SERVICES

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

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

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

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

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

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

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

**CUMULATIVE IMPACT
OVER 5 YEARS ON
AVERAGE RATEPAYER**

RESIDENTIAL RATEPAYERS (excluding domestic waste charge and

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

BUSINESS RATEPAYERS (excluding mainstreet levies and stor

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

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

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

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

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

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

PROPOSED ADDITIONAL INFRASTRUCTURE RENEWAL PROJECTS

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

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

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

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

stormwater charge)

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

stormwater charge)

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

Proposed service reductions – Scenario 1

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

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

PROPOSED PROJECTS

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

Scenario 2

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

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

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

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

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

Scenario 3 ALL OF SCENARIO 2 PLUS

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

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



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

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

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

HAVE YOUR SAY

For more information about this proposal visit:
yoursay.northsydney.nsw.gov.au

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

Wednesday 7 November, 6pm - 8pm

North Sydney Leagues Club, 12 Abbott St, Cammeray

Monday 12 November, 6pm - 8pm

Hutley Hall, 200 Miller St, North Sydney

Thursday 22 November, 6pm to 8pm

Neutral Bay Club, 3 Westleigh St, Neutral Bay

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

Feedback closes 16 January 2019.

How North Sydney compares

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

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



northsydney.nsw.gov.au