



Ku-ring-gai Council

Special Variation Application 2026-27

Final Report

June 2026

Local Government »

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Image taken on Worimi Country (Myall Lakes)

The Independent Pricing and Regulatory Tribunal

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Chapter 1 >>

Report summary

01

IPART has approved Ku-ring-gai Council's special variation application.

Ku-ring-gai Council (the council) applied to IPART^a to increase its general income through a permanent special variation (SV) of 29% for 2026-27.

The council advised us it sought the special variation to:

- meet community expectations and modern standards for local critical infrastructure
- address generations of under-investment in essential assets
- ensure that future generations are not burdened with the increased costs of deteriorating infrastructure.¹

More information about the council's application is available in Chapter 2.

1.1 IPART's decision

We approved the council's SV application. Our reasons for this decision are summarised in section 1.2 and our detailed reasons are provided in Chapter 10.

Table 1.1 Permanent special variation approved for 2026-27

	2026-27
Annual increase (%)	29.0
Additional annual income (\$m)	24.2

Note: Income refers to the permissible general income. The special variation annual increase replaces the rate peg.

1.2 IPART's assessment of the council's application

To make our decision, we assessed the council's SV application and supporting materials against the 5 criteria plus any other matter we consider relevant as set by the Office of Local Government (OLG) in its *Guidelines for the preparation of an application for a special variation to general income* (OLG Guidelines).

We found the council met the OLG SV criteria. We have also outlined our consideration of any other matters that IPART considers relevant. We provide a summary of our reasons in the OLG SV criteria assessment table below.

^a On 6 September 2010, the (then) Minister for Local Government delegated to IPART all functions under sections 506, 507, 508(2), 508(6), 508(7), 508A, 548(3) and 548(8) of the *Local Government Act 1993* (NSW), including the power to grant SVs.

We made this decision after balancing the council's financial need to deliver its core services with the impact of the rates increase on its ratepayers. Currently, the council's operating expenses exceed its revenue, and without the SV, this gap would continue to worsen over the next 5 years. This is unsustainable if the council is to continue delivering the services and infrastructure in its adopted plans.

Under the proposed SV, the council would have an operating performance ratio (OPR) of around 8-11% over the next 9 years which is significantly above the OLG benchmark of greater than 0%. We consider this to be reasonable given the circumstances as the OPR formula does not account for capital expenditure above annual depreciation or principal loan repayments, as these are not operating expenses. The council has allocated around 95% of the SV funds to capital expenditure in order to reduce its infrastructure backlog from \$93.7 million in 2025-26 to \$23 million in 2034-35.² Without the SV, the infrastructure backlog and renewals ratios would not meet OLG benchmarks, supporting the need for the SV. The remaining 5% of the funds will be allocated to partly repaying the loan for the St Ives Sports Centre.

We found that the council satisfactorily consulted its community and provided sufficient information about the need for and extent of the proposed SV. The council used an appropriate variety of engagement methods and provided sufficient opportunities for the community to provide feedback. 60% of respondents of a representative survey reported being aware of the proposed SV. The council also considered and gave direct responses to community feedback on the rate increase scenarios before making its decision.

We acknowledge that many stakeholders told us that the proposed rates increase is likely to create affordability challenges, particularly with the current cost-of-living pressures. We found that the council demonstrated the impact on ratepayers is generally reasonable, considering its current rates and the community's capacity to pay. Our analysis found that with the SV, the council's average residential rates would be higher than the averages for comparable councils based on locality and the Socio-Economic Indexes for Areas (SEIFA) rank. The council's average business rates would be within the range of averages for comparable councils.

In addition, the population of Ku-ring-gai's local government area (LGA) has less socio-economic disadvantage than those of comparable council areas based on most of the selected indicators, including median household income and dwellings owned outright. The council has a hardship policy in place to assist vulnerable ratepayers, with additional concessions available to eligible pensioners.

We also heard concerns around the council's management of its budget and how efficiently it operates. As part of our assessment, we considered whether the council had pursued productivity savings. The council estimates that it has achieved savings of around \$7.4 million over the period 2020-21 to 2024-25.³ This equates to about 1.0% of the council's average total expenses from continuing operations over the past few years.⁴ The council also estimates ongoing savings amounting to \$3.9 million in total over the next two years.⁵ This amounts to about 1.2% per year of total council expenditure (2025-26).⁶ It also estimates saving 8,600 hours of administrative time in total.⁷ We also found that the council has taken steps to ensure continuous improvement of processes which will contribute to future productivity and cost savings.

We found that the council has partially complied with conditions attached to past SVs. The council complied with the conditions for the 2014-15 SV and only partially complied with the conditions of the 2019-20 SV, between 2020-21 to 2024-25.

Chapters 4-9 provide our complete assessment against each of the OLG SV criteria, and the full OLG SV guidelines are set out in Appendix A.

ASSESSMENT

Special Variation OLG criteria



Grading

**Financial need**

The council demonstrated a financial need for the SV to address its infrastructure backlog. Although the council would have an OPR of around 8-11% over the next 9 years under the SV, we consider this to be reasonable in the circumstances as the OPR does not account for the council's planned capital expenditure above annual depreciation or principal loan repayments, as these are not operating expenses. The council has allocated 95% of the additional SV funds to capital expenditure to reduce its infrastructure backlog. The infrastructure ratios would not meet the benchmarks without the SV. The remaining 5% of the funds will be allocated to partly repaying the loan for the St Ives Sports Centre. The council also demonstrated it had canvassed alternatives to the SV.

**Community awareness**

The council satisfactorily engaged with and consulted its community. It provided sufficient information about the need for and extent of the proposed SV. The council used an appropriate variety of engagement methods and considered the community's feedback in its decision-making.

**Reasonable impact on ratepayers**

The council demonstrated that the impact of the proposed rate rise on ratepayers is reasonable. The council assessed the community's capacity to pay and concluded it does have capacity to pay. The Ku-ring-gai LGA has less socio-economic disadvantage than other comparable council areas based on indicators such as median household income. Low outstanding business rates also indicate business ratepayers have capacity to pay. The council also has a hardship policy in place, with an additional concession for eligible pensioners.

**Integrated Planning and Reporting documentation**



The council exhibited and adopted all necessary Integrated Planning and Reporting (IP&R) documents before submitting its SV application.

**Productivity improvement and cost containment**

The council satisfactorily listed and quantified its productivity improvement and cost containment initiatives, including \$7.4 million in savings over the past 5 years. It also identified and forecasted an estimated \$3.9 million in future savings from 2025-26 to 2026-27.

**Other matters IPART considers relevant**

IPART has previously granted the council five SVs, including an Additional Special Variation (ASV). The council partially complied with the conditions attached to SVs that have had reporting requirements falling in the past 5 years. It did comply with the conditions of the 2014-15 SV but only partially complied with the conditions of the 2019-20 SV.

Key  Demonstrated  Not demonstrated

Approval conditions



Our approval is subject to certain conditions including that the council:

- uses the additional income for the purpose outlined in its application
- reports in its annual report for 2026-27 until 2031-32 the actual program of expenditure funded by the additional income and the outcomes achieved
- reports in its annual report for 2026-27 until 2031-32 on productivity improvements and cost containment measures.

The full conditions are set out in Chapter 10.

Our Instrument Under Section 508(2) of the Local Government Act 1993 - Special Variation for Ku-ring-gai Council for 2026-27 gives legal effect to these decisions and set out the conditions of approval.

1.3 Stakeholder feedback

Councils are required to consult with their communities as part of the Integrated Planning and Reporting (IP&R) framework. The OLG criteria requires us to look at this consultation process as part of our assessment.

The council has 46,390 rateable properties.

Ku-ring-gai Council consulted on its proposed SV with its community using a variety of engagement methods. The council received 570 written submissions, recorded 4,515 opt-in survey responses, engaged 468 community members through a representative survey or recruited workshops, held public sessions attended by 59 participants, and published a dedicated Your Say website that had 8,861 visitors.⁸

As a further input to our assessment, we published the council's application on our website for a 3-week consultation period and invited stakeholders to provide feedback directly to IPART.

Through this process, we received 36 responses to our feedback form and 71 submissions on Ku-ring-gai Council's proposed SV. These submissions and responses raised concerns about the:

- affordability of the proposed rate increases
- council's financial management
- service levels and infrastructure
- community's willingness to pay for an SV

- council's consultations with the community
- impact of new developments on the council's rates income.

We consider stakeholder feedback in more detail in Chapter 3.

1.4 Next steps for the council

Our determination sets the maximum amount by which the council can increase its general income for 2026-27. The council can defer rate increases up to this maximum amount for up to 10 years.⁹

Subject to the council's final decision on increasing rates in line with the approved special variation, we understand average rates will increase as shown below. The council retains the discretion to decide how it raises its general income across the rating categories. We encourage the council to consult with its community to decide how best to implement the increase and any changes to the rating structure.

Figure 1.1



Note: These figures may have been rounded in calculation. These are the council's proposed increases, but it retains the discretion to determine the structure of its rates. The special variation annual increase replaces the rate peg.
Source: IPART calculations.

We expect the council to continue to pursue productivity improvements to minimise costs to ratepayers and ensure its financial stability over the long term.

The rest of this report explains how and why we reached our decision on the council's special variation application in more detail.

Chapter 2 >>

The council's application

02

This section of our report sets out the council's proposal and summarises the information that the council provided to support its application. The [full application and all non-confidential supporting documents](#) are available on our website.

The council applied to increase its general income in 2026-27 by 29%. The table below sets out the expected annual revenue this would raise.

Table 2.1 Proposed SV

	2026-27
Annual increase (%)	29.0
Additional annual income (\$'000)	24,247.7

Note: Income refers to the permissible general income.

Source: Ku-ring-gai Council, [Application Part A](#), Worksheet 2 and Worksheet 6.

The proposed SV is permanent. This means that the increases would remain in the rates base permanently. The council's general income would not be reduced at the end of 2026-27.

The council advised us it sought the special variation to:

- meet community expectations and modern standards for local critical infrastructure
- address generations of under-investment in essential assets
- ensure that future generations are not burdened with the increased costs of deteriorating infrastructure.¹⁰

2.1 Impact of the proposed special variation on ratepayers

The council proposed that rates would increase for all categories for the year the SV is in place.

It proposed that on average, in 2026-27:

- the **residential rate** would increase by \$488 or 28.4%
- the **business rate** would increase by \$1,695 or 29.3%.

The council provided the number of rates notices that it expects to issue for 2026-27.

Table 2.2 Number of rates notices per category in 2026-27

Ratepayer category	Number of rate notices
Residential	45,229
Business	1,161
Total	46,390

Source: Ku-ring-gai Council, [Application Part A](#), Worksheet 4.

2.2 Impact of the proposed SV on the council's general income

The council estimated its proposed SV, reflecting a total increase of 29%, would increase its permissible general income from \$84.1 million to \$108.3 million in 2026-27, which would remain permanently in the rates base.

2.3 Further information provided

Following our preliminary assessment of the council's application, we asked the council to provide further clarification on:

- whether the two copies of Part A and B received from the council were identical
- its annual stormwater management charges
- its hardship policy applications
- the asset maintenance ratio.

The council provided correspondence to clarify the items above. We considered this additional information in our assessment.

Chapter 3 >>

Stakeholders' feedback to IPART

03

We expect the council to engage with its community so that ratepayers are fully aware of any proposed special variation and the full impact on them. This is one of the criteria we use to assess the council's application (see Chapter 5 for our assessment and Appendix A for the full criterion).

As a further input to our assessment, we published the council's application on our website for a 3-week consultation period from 17 February 2026 to 9 March 2026, inclusive. Stakeholders could complete a survey-style feedback form and make submissions directly to us.

We have taken all stakeholder feedback into account in making our decision in accordance with our [Submissions Policy](#). The key issues raised in the feedback form and all published (non-confidential) submissions are outlined below.

3.1 Summary of feedback we received

We received 36 responses to our feedback form and 71 total submissions from stakeholders, of which 39 were not confidential.



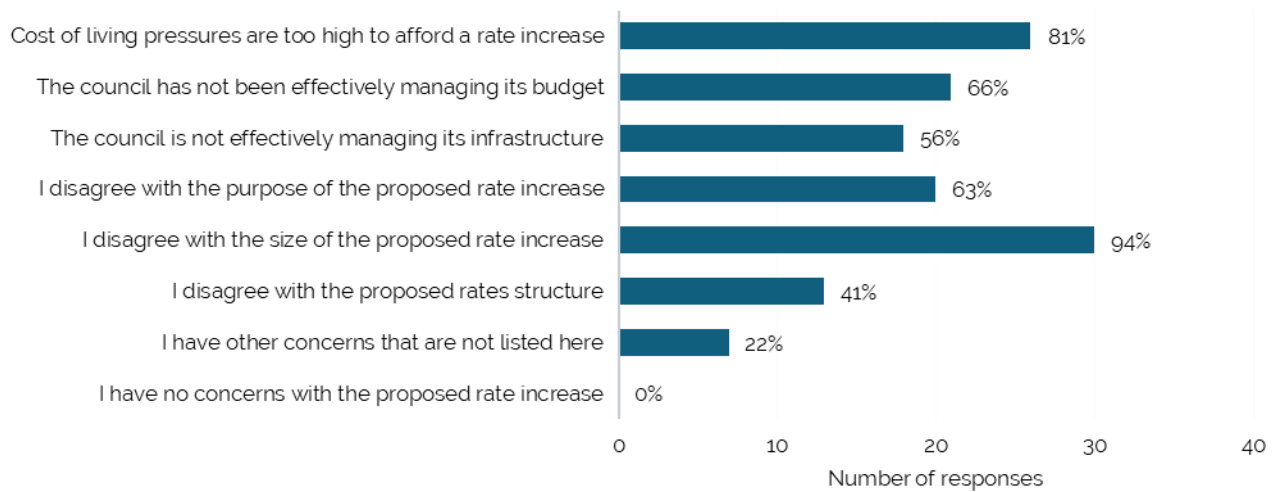
There are approximately 46,390 rateable properties in the council's local government area (see Table 2.2 for more information).

3.2 Responses to the feedback form

We published a survey to assist stakeholders in providing feedback to IPART on the proposed SV generally, and on a range of specific topics. These included the affordability of the proposed rates increases, the council's consultation on the proposed SV, and the council's financial management. We note that while this was a survey-style feedback form, it was not a statistically representative survey and participants self-selected to provide feedback.

We received 36 responses relating to the council's application. Of these, 30 respondents (83%) were opposed to the proposed SV, 4 respondents (11%) were undecided, 2 respondents (6%) partly supported it, and 0 respondents (0%) supported it. The figures below show the main reasons that stakeholders said they might oppose or might support the proposed SV.

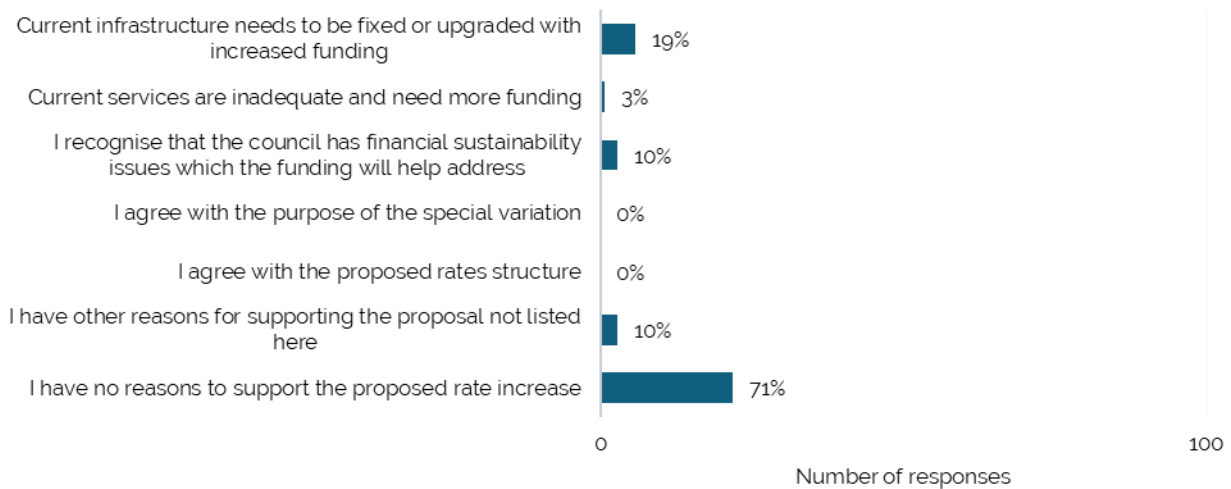
Figure 3.1 Reasons that respondents said they might oppose the proposed SV



Note: We received 32 responses. For this question, respondents could select more than one option and were not required to respond to this question. This was a self-selected survey and we cannot guarantee that each response was a unique user. These results may not be representative of the whole community's views.

Source: IPART.

Figure 3.2 Reasons that respondents said they might support the proposed SV



Note: We received 31 responses. For this question, respondents could select more than one option and were not required to respond to this question. This was a self-selected survey and we cannot guarantee that each response was a unique user. These results may not be representative of the whole community's views.
Source: IPART.

In the feedback form, we also invited feedback on the following specific topics.

- Community awareness:** 53% of the 32 survey respondents who answered the relevant question disagreed or strongly disagreed that the council provided the opportunity for feedback and 91% of the 32 respondents who answered the relevant question disagreed or strongly disagreed that the council considered the community feedback in its decision-making. We further consider community awareness in Chapter 5.
- Impact on ratepayers:** 97% of the 31 survey respondents who answered the relevant question disagreed or strongly disagreed that the rates increase was affordable. 88% of the 32 survey respondents who answered the relevant question did not agree that the application considers the impact on ratepayers. 81% of the 32 respondents who answered the relevant questions did not agree that the application considers different options to reduce the financial impact on ratepayers. 97% of the 31 survey respondents who answered the relevant question did not agree that the application balances the community's need for services and its impact on ratepayers. We further consider the impact on ratepayers in Chapter 6.
- Productivity and cost containment:** 47% of the 32 survey respondents who answered the relevant question disagreed or strongly disagreed that the council is effective in providing infrastructure and services for the community while about 25% of the 32 survey respondents who answered the relevant question agreed or strongly agreed, and the remainder neither agreed or disagreed. 81% of the 32 survey respondents who answered the relevant question disagreed or strongly disagreed that the council had explained its past cost-saving strategies. 84% of the 32 survey respondents who answered the relevant question disagreed or strongly disagreed that the council had explained its future cost-saving strategies. We further consider the council's productivity and cost containment in Chapter 8.

The full results from the survey are available in Appendix C.

3.3 Summary of issues raised

This section summarises the key issues and views raised in the public submissions.^a

3.3.1 Affordability of proposed rates increases

Most of the 71 submissions we received raised concerns about the impact of the council's proposed SV on the affordability of rates and suggested this would lead to financial hardship. Some of these said that the timing of the SV was poor, given increasing living costs, inflation, stagnating wages and job insecurity. Some submissions raised particular concerns about the financial difficulty of a rate rise for pensioners and/or retirees, young families and ratepayers experiencing mortgage stress.

A few submissions mentioned that simultaneously increasing rates and encouraging large-scale development puts undue strain on residents.

One submission expressed not being opposed to a more moderate rate increase, but that 29% was too high due to cost-of-living pressures.¹¹

Around 97% of the 31 survey respondents who answered the relevant question disagreed or strongly disagreed that the proposed rate increase is affordable.

Our analysis of the affordability of proposed rate increases is in Chapter 6.

3.3.2 The council's financial management

Many of the 71 submissions raised concerns that the council has not used its resources efficiently and that the proposed SV is a way for the council to mitigate its financial mismanagement.

A few submissions expressed the view that:

- the council has not demonstrated that it has sufficiently explored cost-cutting options, for example, undertaking a productivity audit, reducing administrative overheads and reducing discretionary spending on community events, beautification and councillor retreats
- the council should review unnecessary and poorly managed infrastructure spending i.e. for recreational facilities such as the St Ives Indoor Sports Centre and Norman Griffiths Oval
- staff and executive remuneration should be reduced.

One submission questioned whether rates income from new large-scale developments could help minimise the rate increase.¹²

One submission detailed a history of poor infrastructure delivery and financial decision-making, and expressed concerns about SV funds not being used for community infrastructure but to prop up past financial mismanagement.¹³

^a Where a submission was marked as confidential we have not raised it here to protect confidentiality. Matters raised in the feedback form free-text section have generally been treated as confidential submissions.

One submission put forward that the council's application demonstrated the council's operational and cost efficiencies only through low permanent staff numbers and regular retendering of contracts, which may not represent actual efficiency.¹⁴

Around 81% of the 32 survey respondents who answered the relevant question disagreed or strongly disagreed that the council has explained to the community its past cost-saving strategies and around 84% of the 32 survey respondents who answered the relevant question disagreed or strongly disagreed that the council has explained to the community its future cost-saving strategies. This compares to around 9% of respondents who strongly agreed or agreed that the council has explained its past and future cost-saving strategies.

Similarly, around 81% of 32 survey respondents who answered the relevant question disagreed or strongly disagreed that the council's application considered different options to reduce the financial impact on ratepayers.

The elected councillors are responsible for managing the council's finances. IPART does not have the function of auditing or examining the council's financial decisions or financial management more broadly, beyond our assessment of the SV application against the OLG Guidelines.

Our analysis of the council's productivity improvements and cost containment strategies is in Chapter 8.

3.3.3 The council's current services and infrastructure

Many of the 71 submissions emphasised the council should take a 'back to basics' approach for services and infrastructure spending, focussing on a few essential areas such as sanitation, drainage, roads and footpaths. A few submissions took issue with the way council staff delivered services such as street cleanup.

A few submissions expressed concern that planned large-scale developments could put significant pressure on existing infrastructure and services.

Around 47% of the 32 survey respondents who answered the relevant question disagreed or strongly disagreed that the council is effective in providing infrastructure and services for the community. This compares to around 25% of the 32 survey respondents who answered the relevant question who strongly agreed or agreed that the council is effective in service and infrastructure provision.

Our analysis of the council's productivity improvements and cost containment strategies is in Chapter 8.

3.3.4 The community's willingness to pay for a special variation

Several stakeholders who made submissions to IPART indicated they were unwilling to pay for the St Ives Indoor Sports Centre building works, with a few submissions specifying that a permanent rate rise should not be used to address a one-off loan for a discretionary infrastructure project. A few submissions also suggested building costs should be covered by user-pays fees.

We further detail the council's consideration of the community's willingness to pay in Chapter 6.

3.3.5 The council's consultation with the community

A few submissions, including a submission presenting a signed community petition, expressed the view that the council pursued the 29% increase despite low community support.

One submission expressed the view that the consultation material contained highly emotive language and 'little detail to support the language', leading to potential misinformation.¹⁵

Around 53% of the 32 survey respondents who answered the relevant question disagreed or strongly disagreed that the council provided adequate opportunity for the community to provide feedback. This is compared to 31% of the 32 survey respondents who answered the relevant question respondents who strongly agreed or agreed the council gave adequate opportunity. However, around 91% of the 32 survey respondents who answered the relevant question to IPART's survey disagreed or strongly disagreed that the council considered the feedback in its decision-making process on the rate increase.

Our analysis of the council's consultation with its community is in Chapter 5.

Chapter 4

Financial need

OLG Criterion 1

04

OLG Criterion 1 requires the council to clearly articulate and identify the need for, and purpose of, the proposed SV in its IP&R documents. It also requires the council to demonstrate the financial need for the SV by assessing its impact on the council's financial performance and position, and by canvassing alternatives to address the financial need.

Note: See Appendix A for the full criterion.

To assess whether the council met OLG Criterion 1, we reviewed the council's IP&R documents and the information in its application. We also considered stakeholders' comments on financial need received via our feedback form and submissions and undertook our own analysis of the council's financial performance and position. We do not audit council finances, as this is not part of our delegated function.

We found that the council met this criterion.

The sections below discuss our assessment of Criterion 1 in more detail.

4.1 The council's IP&R documents

We found that the council's IP&R documents, including its Long-Term Financial Plan (LTFP), Delivery Program and Asset Management Strategy, identify and articulate the need for and purpose of the SV.

The documents state that the proposed SV of 29% for 2026-27 is needed to:

- reverse the increasing infrastructure backlog and fund essential renewals, upgrades and new infrastructure in the following asset classes:¹⁶
 - stormwater and drainage
 - recreational facilities (parks, sports courts and swimming pool)
 - footpaths
 - community buildings (sporting pavilions, amenity blocks and halls)
 - traffic and transport facilities (e.g. roundabouts and pedestrian safety upgrades)
- partly repay the loan for the construction of the St Ives Indoor Sports Centre until 2031-32, after which the income would be redirected to recreational facilities.¹⁷

We found the IP&R documents canvassed alternatives to the SV. The LTFP outlines the base case scenario, stating that potential review and cuts to services or projects would be required if only the rate peg increase was applied.¹⁸ The LTFP also outlines alternative funding sources and reasons why they are insufficient to address the infrastructure backlog. Under the base case, the cost to bring assets to a satisfactory condition would be \$93.7 million in 2025-26 and would increase to \$181.1 million in 2034-35. With the SV, the cost would fall to \$23 million over the same period.¹⁹

4.2 Our analysis of the council's financial performance and position

We used information provided by the council in its application and IP&R documents to analyse the council's financial performance and financial position and the impact the proposed SV would have on these. This involved calculating financial forecasts under 3 scenarios:

1. **proposed SV scenario:** which includes the council's proposed SV revenue and expenditure.
2. **baseline scenario:** which does not include the council's proposed SV revenue or expenditure.
3. **baseline with SV expenditure scenario:** which includes the council's full expenditure from its proposed SV, without the additional revenue from the proposed SV. This scenario is a guide to the council's financial sustainability if it still went ahead with the full expenditure program included in its application but could only increase general income by the rate peg.

We then used these forecasts to examine the impact of the SV on key indicators of the council's financial performance and position – namely its operating performance ratio, net cash (or net debt) and infrastructure ratios.

We have generally used averages of the forecasts over the next 5 years for these indicators to smooth annual variability. In this chapter we also present data over a longer timeframe in some tables and charts however we note that data beyond 5 years is subject to greater variability.

4.2.1 Impact on operating performance ratio

The operating performance ratio (OPR) is a measure of a council's ongoing financial performance or sustainability. In general, a council with an OPR consistently greater than zero is considered to be financially sustainable because it measures a council's ability to contain operating expenditure within operating revenue.²⁰ The OLG has set a benchmark for the OPR of greater than zero (see Box 4.1 for more information).

Box 4.1 Operating performance ratio

The OPR measures whether a council's income will fund its costs and is defined as:

$$OPR = \frac{\text{Total operating revenue} - \text{operating expenses}}{\text{Total operating revenue}}$$

where expenses and revenue are exclusive of capital grants and contributions, and net of gains/losses on the sale of assets.

The OLG has set a benchmark for the ratio of greater than 0%.

The ratio measures net operating results against operating revenue and does not include capital expenditure. A positive ratio indicates that an operating surplus is available for capital expenditure.

Generally, IPART considers that a council's average OPR over the next 10 years should be 0% or greater, as this represents the minimum level needed to demonstrate financial sustainability. An OPR consistently well above 0% may bring into question the financial need for an SV.

However, we recognise that other factors, such as the level of borrowings or investment in infrastructure, may affect the need for a council to have a higher or lower operating result than the OLG breakeven benchmark as set by OLG.

Source: Office of Local Government, *Performance Benchmarks* and *Assets*.

We found that, over the next 5 years:

- **Under the proposed SV scenario**, the council's OPR would meet the OLG benchmark of greater than 0% from 2026-27 at 10.6%. Its average OPR over the 5-year period would be 9.2%.
- **Under the baseline scenario**, the council's OPR would remain below 0% for the next 5 years. Its average OPR over the period would be -1.1%.
- **Under the baseline with SV expenditure scenario**, the council's OPR would remain below 0% for the next 5 years. Its average OPR over the period would be -2%.

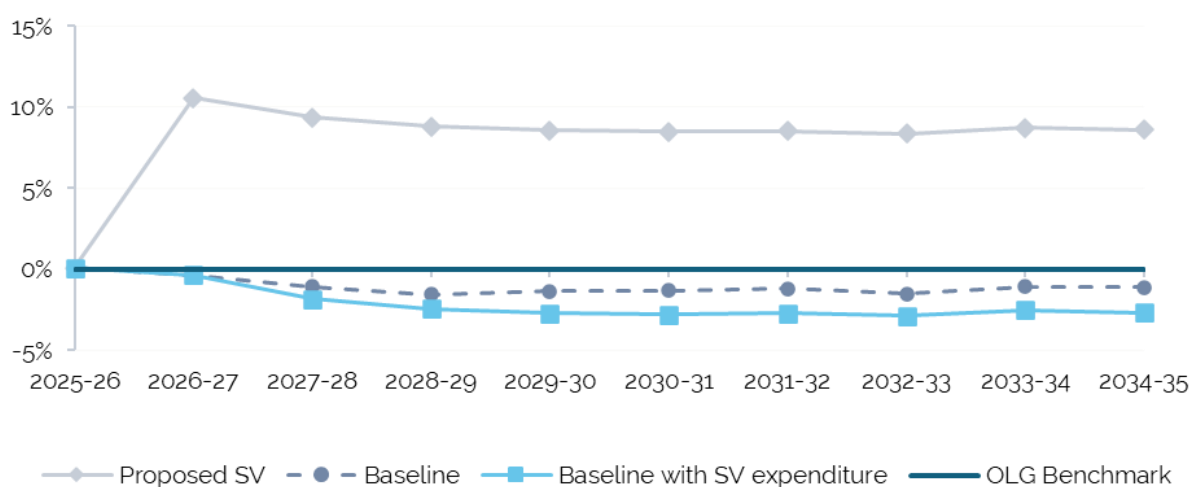
This suggests that without the SV, the council may soon have an operating deficit, which would remain stable over time.

Under the proposed SV, the council would have an OPR of around 8-11% over the next 9 years, which is significantly above the OLG benchmark of greater than 0%.²¹ However, we consider this approach reasonable as the OPR formula excludes capital expenditure above annual depreciation and principal loan repayments, as these are not classified as operating expenses. The council needs to generate an operating surplus, indicated by an OPR above the OLG benchmark of 0%, to fund these items. The council states that around 95% of the total proposed SV income from 2026-27 to 2034-35²² will be allocated to capital expenditure such as infrastructure renewal works and new assets including footpaths.²³ This expenditure is intended to reduce the infrastructure backlog, meaning the cost to bring assets to a satisfactory condition, from \$93.7 million in 2025-26 to \$23 million in 2034-35.²⁴

The remaining 5% of the funds will be allocated to partly repaying the loan for the St Ives Sports Centre. The repayments would continue until 2031-32, after which funding will be allocated to capital expenditure on recreational facilities.²⁵ The OPR formula considers the interest expenses related to the loan but does not account for the principal component of its loan repayments.

Our analysis of the impact of the proposed SV on the council's OPR over the next 10 years is summarised below.

Figure 4.1 The council's projected OPR



Note: OPR shown excludes capital grants and contributions.
Source: Ku-ring-gai Council, [Application Part A](#).

Table 4.1 The council's projected OPR under 3 scenarios (%)

	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35
Proposed SV	10.6	9.4	8.8	8.6	8.5	8.5	8.4	8.7	8.6
Baseline	-0.3	-1.1	-1.6	-1.3	-1.3	-1.2	-1.5	-1.1	-1.1
Baseline with SV expenditure	-0.4	-1.8	-2.4	-2.7	-2.8	-2.7	-2.9	-2.5	-2.7

Source: Ku-ring-gai Council, [Application Part A](#).

4.2.2 Impact on net cash

A council's net cash (or net debt) position is an indicator of its financial position. For example, it indicates whether a council has significant cash reserves that could be used to fund the purpose of the proposed SV. We examined the council's cash and investments, and its net cash (debt) to income ratio.

Box 4.2 Cash and investments and net cash (debt) to income ratio

Cash and investments

Councils hold cash and investments for a variety of purposes, but the use of these can be restricted in one of 2 ways:

- **Externally restricted.** These funds are subject to external legislative or contractual obligations.
- **Internally allocated.** These are subject to a council resolution to cover commitments and obligations expected to arise in the future and where it is prudent to hold cash to cover those obligations.

Unrestricted funds can be used to fund the council's day to day operations and may be able to be used for the same purpose as the proposed SV. In some cases, this may be enough to avoid or delay the SV or reduce its size. However, this metric does not account for any borrowings or payables that need to be settled.

Net cash (debt) to income ratio

The net cash (debt) to income ratio can show whether a council has sufficient cash reserves left over that could be used to fund the purpose of the proposed SV, *after* taking out its payables and borrowing obligations.

$$\text{Net cash (debt) to income ratio} = \frac{(\text{Cash} + \text{Investments} + \text{Receivables}) - (\text{Payables} + \text{Borrowings})}{\text{Total operating revenue (excluding capital grants)}}$$

The cash and investments in this formula includes balances subject to *external restrictions* and *internal allocations*.

A positive ratio shows that a council may have access to cash reserves to help address its financial need. A negative ratio shows that a council may not have reserves to rely on to address financial sustainability issues.

For instance, a ratio of 10% means that an entity has 10 cents of net cash per \$1 of operating revenue. Conversely, a ratio of -10% means that an organisation has 10 cents of net debt (i.e. -10 cents net cash) per \$1 of operating revenue.

Cash and investments

The council advised us that on 30 June 2025, it held a total of \$195.9 million in cash and investments in its general fund. This comprised of:

- **\$117.5 million externally restricted funds:** For Ku-ring-gai Council, examples include developer contributions, domestic waste management charges and existing special rates charges.²⁶
- **\$64.8 million internally allocated funds:** For Ku-ring-gai Council, examples include infrastructure and facilities and carry over works.²⁷
- **\$13.6 million unrestricted funds:** These funds can be used to fund the council's day to day operations.²⁸

This suggests that the majority of the council's cash reserves are committed to other purposes, except for the \$13.6 million that is unrestricted. The council's unrestricted cash reserves of \$13.6 million are low, considering the council's operating expenses are expected to be around \$170 million in 2026-27.²⁹

The council's application indicates that its total unrestricted cash from 2025-26 to 2034-35 under the proposed SV scenario³⁰ would be lower than under the base case over the same period.³¹ In addition, the council's LTFP indicates that without an SV its unrestricted cash reserves would reach \$6.1 million by 2034-25.³² This may be due to the increased capital expenditure under the SV scenario³³ compared to the base case.³⁴

Taking into account the council's OPR and net cash position, we found that the council does have a financial need to raise revenue above the rate peg to address its operating deficit and deliver adequate service levels.

Net cash (debt) to income ratio

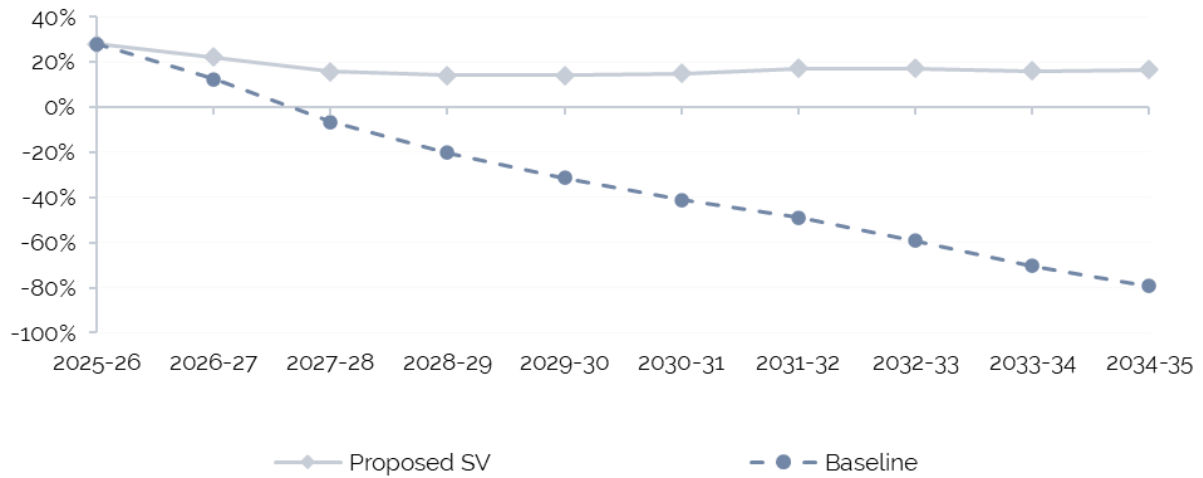
We calculated that as at 30 June 2026, the council would have net cash of \$46.8 million. The council would have a net cash (debt) to income ratio of 28.1%.

Over the next 5 years:

- **under the baseline scenario:** the council's net cash (debt) to income ratio would fall steadily averaging -17.3%.
- **under the proposed SV scenario:** the council's net cash to income ratio would remain stable averaging 16.2%.

The impact of the proposed SV on the council's net cash (debt) to income ratio over the next 9 years is presented below.

Figure 4.2 The council's net cash (debt) to income ratio (%)



Source: Ku-ring-gai Council, [Application Part A](#), Worksheet 9 and IPART calculations.

4.2.3 Impact on infrastructure ratios

Managing infrastructure assets is an important council function. A council's ability to maintain and renew these assets as they depreciate is an indicator of its financial position and its capacity to provide services to the community. To measure this indicator, we used information provided by the council to assess its infrastructure backlog and infrastructure renewals ratios, and compared them to OLG's benchmarks:

- **The infrastructure backlog ratio** indicates whether the council has a need for additional revenue to maintain its infrastructure assets. It shows the infrastructure backlog as a proportion of the total value of a council's infrastructure. OLG's benchmark for the infrastructure backlog ratio is less than 2%.
- **The infrastructure renewals ratio** measures the rate at which the council is renewing its infrastructure assets against the rate at which they are depreciating. OLG's benchmark for the infrastructure renewals ratio is greater than 100%.
- **The asset maintenance ratio** compares actual versus required asset maintenance. OLG's benchmark for the asset maintenance ratio is greater than 100%.

Box 4.3 Infrastructure ratios for councils

Infrastructure backlog ratio

The infrastructure backlog ratio measures the council's backlog of assets against the total written down value of its infrastructure, and is defined as:

$$\text{Infrastructure backlog ratio} = \frac{\text{Estimated cost to bring assets to a satisfactory standard}}{\text{Carrying value of infrastructure assets}}$$

where the carrying value of infrastructure assets is the historical cost less accumulated depreciation.

OLG has set a benchmark for the ratio of less than 2%.

Infrastructure renewals ratio

The infrastructure renewals ratio assesses the rate at which infrastructure assets are being renewed against the rate at which they are depreciating. It is defined as:

$$\text{Infrastructure renewals ratio} = \frac{\text{Infrastructure asset renewals}}{\text{Depreciation, amortisation and impairment}}$$

The OLG has set a benchmark for the ratio of greater than 100%.

Asset maintenance ratio

Where relevant, we may also consider the council's asset maintenance ratio. This compares the actual versus required asset maintenance.

$$\text{Asset maintenance ratio} = \frac{\text{Actual asset maintenance}}{\text{Required asset maintenance}}$$

The OLG has set a benchmark for the ratio of greater than 100%.

Source: Office of Local Government, [Performance Benchmarks](#) and [Assets](#).

Impact on infrastructure backlog ratio

We found that over the next 5 years,^a the council's average infrastructure backlog ratio would be:

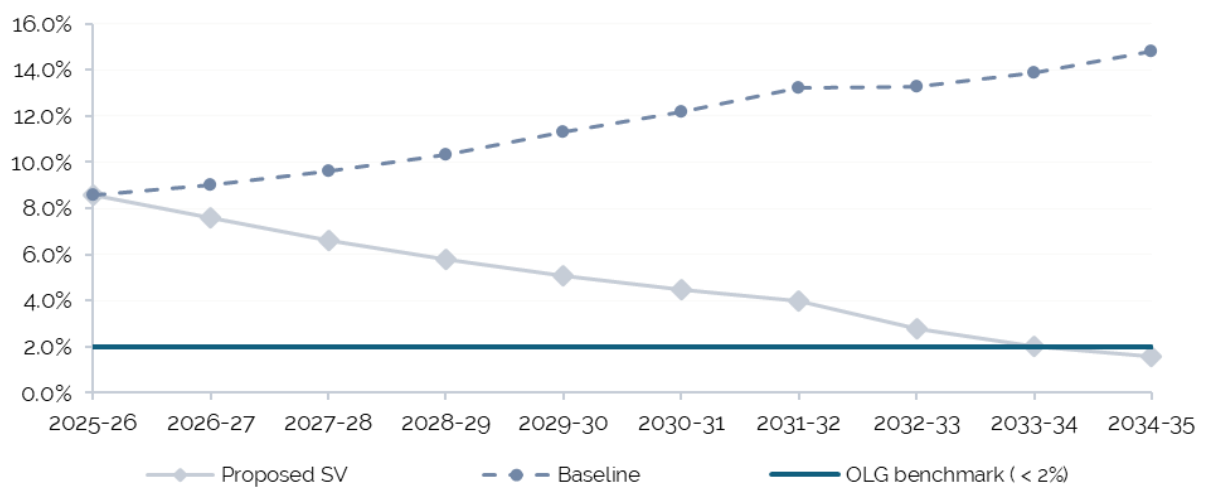
- 10.5% under the baseline scenario
- 5.9% under the proposed SV scenario.

^a We considered the 5-year average to smooth annual variability. Data beyond 5 years is subject to greater variability.

We found that without the SV, the council's infrastructure backlog ratio would remain above the OLG benchmark of less than 2% for the infrastructure backlog ratio for the next 5 years. However, with the proposed SV, the council's infrastructure backlog ratio would reach the OLG benchmark between 2033-34 (2.0%) and 2034-35 (1.6%). The performance of the infrastructure backlog ratio would be lower (i.e. better) overall compared to the baseline scenario over the next 5 years.

Addressing the infrastructure backlog was a key purpose of the SV as advised by the council. In its application, the council states that the cost to bring assets to a satisfactory condition would be \$93.7 million in 2025-26 and would decrease to \$23 million in 2034-35 with the SV.³⁵

Figure 4.3 The council's infrastructure backlog ratio



Source: Ku-ring-gai Council, [Application Part A](#).

Impact on infrastructure renewals ratio

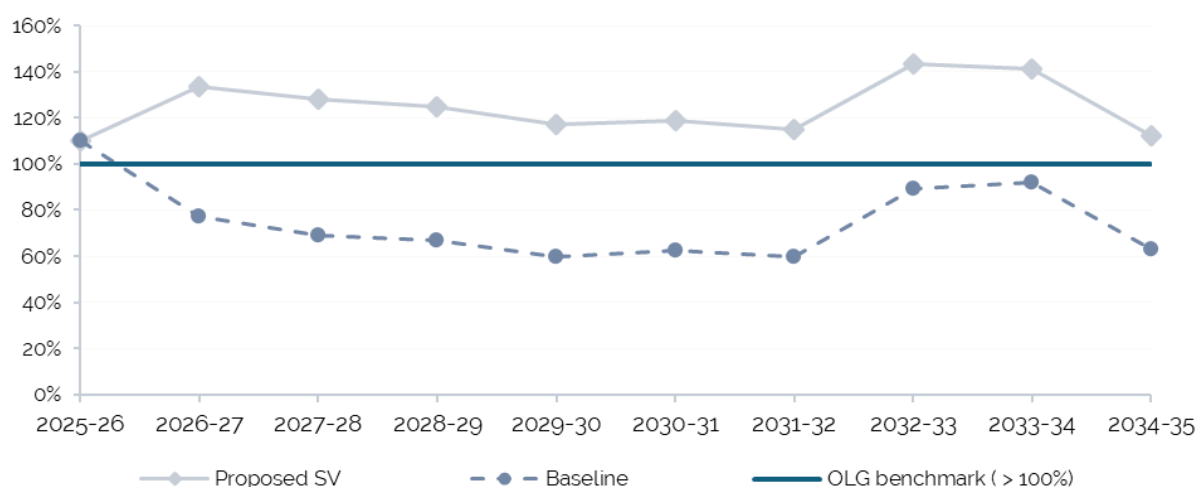
We found that over the next 5 years,^b the council's average infrastructure renewals ratio would be:

- 124.5% under the proposed SV scenario
- 67.2% under the baseline scenario.

^b We considered the 5-year average to smooth annual variability. Data beyond 5 years is subject to greater variability.

Based on the council's forecasts, we found that under the proposed SV scenario, the council's infrastructure renewals ratio would improve. This ratio is forecast to stay above the OLG benchmark of 100% until 2034-35. However, the infrastructure renewals ratio under the baseline scenario would fall below the OLG benchmark between 2025-26 and 2026-27, and remain below the benchmark until 2034-35. This shows that with the SV, the council would be able to renew its assets in a more timely manner, which was a key purpose of the SV as advised by the council.

Figure 4.4 The council's infrastructure renewals ratio (%)



Source: Ku-ring-gai Council, [Application Part A](#).

Impact on asset maintenance ratio

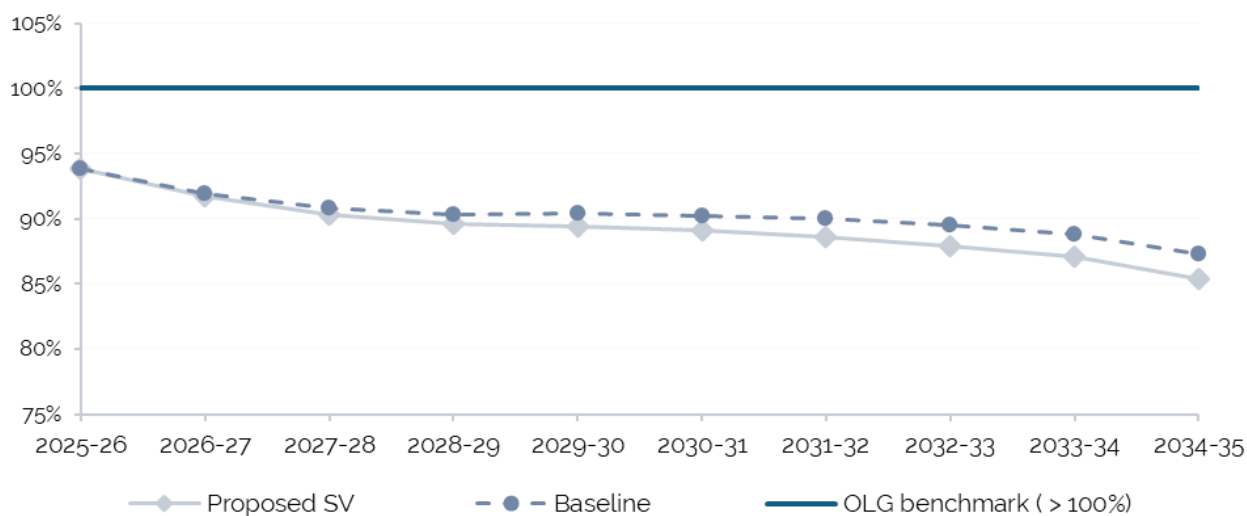
We found that over the next 5 years,^c the council's average asset maintenance ratio would be:

- 90.0% under the proposed SV scenario
- 90.7% under the baseline scenario.

The council's asset maintenance ratio is similar for both scenarios. Both ratios start below the benchmark and deteriorate over the next 9 years, however, the baseline ratio is slightly higher and closer to the OLG benchmark. As advised by the council, the required asset maintenance costs under the proposed SV scenario are higher than the base case to reflect the increased maintenance associated with new and upgraded assets, such as footpaths, which would be delivered to the community.³⁶

^c We considered the 5-year average to smooth annual variability. Data beyond 5 years is subject to greater variability.

Figure 4.5 The council's asset maintenance ratio (%)



Source: Ku-ring-gai Council, [Application Part A](#).

4.3 Alternatives to the rate rise

We assessed whether, in establishing the need for the SV, the council's relevant IP&R documents canvassed alternatives to the rate rise to meet the financial need.

We found that the council adequately explored other alternatives before applying for an SV.

The LTFP outlined the baseline scenario, stating that potential review and cuts to services or projects would be required if only the rate peg increase was applied.³⁷

Further, the council considered the following alternative revenue-raising strategies and canvassed reasons why each option would fail to promote long-term financial sustainability:

- service reductions would result in the removal of services which are currently rated as important by community members and inhibit the ability of the council to deliver the needed infrastructure renewal³⁸
- debt and borrowing would add debt without identified sources of repayment and require future generations to pay for today's expenditure³⁹
- receiving additional developer contributions would be limited to additional capital infrastructure that directly responds to the new development⁴⁰
- additional rate revenue from new developments may be less than the council's current average as many of the new dwellings will be apartments, and the revenue will be needed to cover additional costs from servicing the residents⁴¹
- further revenue and efficiency measures would be insufficient to cover the infrastructure backlog, though the council states it continues to seek opportunities to maximise productivity and efficiency⁴²
- further asset sales would not generate the regular, reliable and ongoing income source necessary for council operations or for asset renewal.⁴³

The council engaged Morrison Low to conduct a financial sustainability review, which was published in January 2023. The review examined many of the alternative revenue-raising strategies listed above. It found that, while the council had proposed selling \$111 million of assets in its 2022-23 LTFP to fund infrastructure renewal, this strategy was no longer considered viable.⁴⁴ The review noted that most of the \$111 million in proposed sales related to the potential sale of a small number of assets that were now considered either infeasible or unlikely to proceed within the next 10 years.⁴⁵ The council identified a remaining pool of 13 properties with an estimated total sale value of \$25.3 million which could feasibly be sold over this period.⁴⁶ It noted future asset sales remained an option for funding major projects.⁴⁷

The financial sustainability review also recommended the council further investigate the asset condition for community buildings and drainage to better understand the size of its infrastructure backlog.⁴⁸ Both the LTFP and the Delivery Program⁴⁹ refer to the financial sustainability review's finding⁵⁰ that an SV is required to cover the council's asset renewal and maintenance costs.⁵¹ In response to the review,⁵² the council implemented various alternative revenue raising strategies such as increasing rental returns from property management and adjusting fees and booking revenue from community facilities.⁵³

We also investigated whether and to what extent the council has any available deferred rate increases. We found that it does not have any available deferred rate increases.⁵⁴

We found that the council provided sufficient evidence of adequately seeking alternatives through its LTFP.

4.4 OLG Criterion 1 – Financial need was demonstrated

In conclusion, our assessment is that the council met OLG Criterion 1.

It clearly identified the need for and purpose of the proposed SV in its IP&R documents. It demonstrated that currently its operating expenses exceed its revenue and, without the SV, this gap would continue to worsen over the next 5 years (i.e. OPR -1.1% and net cash to income ratio of -17.3%). The majority of the council's cash and investments are also committed to other purposes, which also means it may not have sufficient funds to cover day-to-day operations with its unrestricted reserves. The council also demonstrated it had canvassed alternatives to the SV to fill this gap.

Our analysis further showed that under the baseline scenario, the council's infrastructure backlog ratio would deteriorate to 12.2.% after 5 years, not meeting the OLG benchmark of less than 2% at any point over the next 9 years. The infrastructure renewals ratio could fall below the benchmark after 2025-26 and decrease to 62.5% after 5 years. The council's asset maintenance ratio would not meet the OLG's benchmark with or without the SV and is projected to be 90.7% by 2030-31. This is unsustainable if the council is to continue delivering the services and infrastructure in its adopted plans.

The council's OPR of around 8-11% over the next 9 years under the SV scenario is significantly above the OLG benchmark, however the OPR formula does not consider any capital expenditure above annual depreciation or principal loan repayments, as these are not operating expenses. The council would need to generate an operating surplus, indicated by an OPR above the OLG benchmark of 0%, to fund these items. The council has allocated around 95% of the additional funds over the next 9 years to infrastructure renewals, upgrades and new infrastructure, which would reduce the infrastructure backlog from \$93.7 million in 2025-26 to \$23 million in 2034-35. In addition, the remaining 5% of the funds will be allocated to partly repaying the loan for the St Ives Sports Centre. The OPR formula considers the interest expenses related to the loan but does not account for the principal component of the loan repayments.

In view of this, we consider the council's higher OPR under the proposed SV is reasonable and does not indicate that the council would receive excessive funds to cover its operating needs. We are satisfied that the council's infrastructure backlog and renewals ratios would not meet the OLG benchmark without an SV. The council requires additional SV funds primarily for capital expenditure to reduce its infrastructure backlog.

Chapter 5 >>

Community awareness

OLG Criterion 2

05

OLG Criterion 2 requires the council to provide evidence that the community is aware of the need for and extent of the proposed rate increase. It requires the council to:

- communicate the full cumulative increase of the proposed SV in percentage terms and in dollar terms for the average ratepayer, by rating category
- outline its ongoing efficiency measures and performance
- use a variety of engagement methods to ensure community awareness and provide opportunities for community input.

The criterion does not require the council to demonstrate community support for the SV application.

Note: See Appendix A for the full criterion.

To assess whether the council met OLG Criterion 2, we considered stakeholder comments about community awareness that we received through our feedback form and submissions and we analysed the council's community engagement on the proposed SV.

We found that the council met this criterion.

The sections below discuss our assessment of Criterion 2 in more detail.

5.1 Our assessment of the council's engagement and consultation

To assess the effectiveness of the council's community engagement and consultation on the proposed SV, we considered whether:

- the information provided to ratepayers was generally sufficient and clear
- the variety of engagement methods used was effective
- the process used to consult the community provided timely opportunities for ratepayers to be informed and provide feedback on the proposed SV
- the outcomes from the consultation were considered in preparing the SV application.

5.1.1 Information provided to ratepayers

We found that the information the council provided to ratepayers about the proposed SV was sufficient to create awareness of its proposal.

The council's consultation materials were generally clear and set out:

- the need for the SV
- the permanence of the rate rise if the SV is approved
- the full percentage increase of the proposed SV and the 2026-27 average rates in dollar terms for all rating categories

- what the additional income from the proposed SV would fund, including addressing the asset renewal and maintenance backlog
- how to find out more information and provide feedback.

The council states it presented its cost containment, comparative efficiency and productivity initiatives to ratepayers in online and in-person forums, which were then uploaded to the YourSay portal.⁵⁵

The council's Long-Term Financial Plan (LTFP)⁵⁶ and Delivery Program & Operational Plan⁵⁷ clearly set out the proposed rate rise under the SV, with both percentage and dollar impact on average ratepayer by category and an explanation of how the SV funds will be used.

The council stated that there were minor differences between the figures provided in its application and the figures exhibited in its revised IP&R documents in October 2025 for consultation.⁵⁸ The council disclosed in its application that the difference was due to movements in valuations and rateability status,⁵⁹ which may be due to new land becoming rateable or the rating category of lands changing. We consider the difference was largely immaterial to the community's awareness of the need for and extent of the rate rise.

5.1.2 Engagement methods used

We found the council used an appropriate variety of engagement methods to promote awareness of its proposed rates increase and provided opportunities for ratepayers to provide feedback.

Over the period of late July to early September 2025, the council consulted on four rate increase scenarios. The scenarios were:

- 3% increase: assumed rate peg increase only, which would not allow the council to invest additional funds into asset maintenance and renewal, and the quality of infrastructure would continue to decline⁶⁰
- 22% increase: renew existing stormwater pipes, replace or renew eight buildings, repair footpaths, improve recreational facilities through lighting, fencing, drainage and surface rejuvenation and fund the loan for the construction of the St Ives Indoor Sports Centre⁶¹
- 29% increase: deliver improvements as per the 22% increase scenario as well as funding for new footpaths on 40 streets, traffic and pedestrian safety upgrades and additional recreational facility works⁶²
- 33% increase: deliver improvements as per the 29% increase scenario as well as fund the redevelopment and operation of the Marian Street Theatre.⁶³

The council told us its engagement methods to raise awareness included:

- a letter and brochure detailing the four scenarios emailed to all 44,766 ratepayers⁶⁴ and additionally emails to 11,726 ratepayers who elected to receive their rates notice via email⁶⁵
- newspaper advertisements in local publications such as the North Shore Times, Sydney Observer, Bush Telegraph and The Post⁶⁶

- media release to 27 local and metropolitan media organisations, including multicultural media outlets⁶⁷
- digital advertising banners across the Pacific Highway in Gordon and physical banners outside Council Chambers⁶⁸
- promotions of upcoming engagement activities in Council newsletters including two business-specific publications,⁶⁹ Facebook⁷⁰ and flyers⁷¹
- council and library displays providing brochures and hardcopy surveys⁷²
- YourSay website that recorded 20,564 views from 8,861 visitors and 3,117 document downloads where community members could view:
 - fact sheets about each scenario⁷³
 - IP&R documents such as the LTFP and Delivery Program & Operational Plan⁷⁴
 - rate increase scenario comparison table (from the brochure)⁷⁵
 - information on upcoming engagement activities, how to lodge submissions and a survey link for feedback⁷⁶

and additionally, partway through the engagement period, more items were added to the website including:

- a video recording of the online forum
- comparison charts comparing key financial information with other councils
- example projects which could be funded by the SV options
- FAQs in response to common queries.⁷⁷

During this first consultation period, the council's engagement activities included:⁷⁸

- receiving email and mail submissions⁷⁹
- a representative community survey conducted by Micromex, designed to reflect the views of the Ku-ring-gai community by matching age and sex characteristics, and gauge community awareness and support levels for the different scenarios⁸⁰
- one opt-in community survey conducted by Micromex which was available and open to everyone⁸¹
- one opt-in online forum (29 July) and two drop-in sessions (2 and 28 August),⁸² and interpreters for Korean, Mandarin and Cantonese were present at the 2 August session⁸³
- two recruited workshops (18 and 21 August) with randomly selected community members to explore feedback on the scenarios⁸⁴
- one in-person engagement event with council staff (13 August).⁸⁵

In the representative community survey, 60% of respondents reported being aware of the council's engagement activities.⁸⁶

In October 2025, the council published the community engagement outcomes report and an additional document setting out the council's responses to key themes that emerged from the consultation period about the rate increase options.⁸⁷

From late October to late November 2025, the council exhibited its revised IP&R documents with its preferred 29% SV increase to raise community awareness and provide further opportunity for feedback.⁸⁸ Its engagement activities included:

- media release to 60 outlets, council e-newsletters and newspaper advertisements⁸⁹
- receiving and responding to 80 submissions on the documents and preferred rate increase⁹⁰
- directly emailing or mailing everyone who had previously provided feedback so the most engaged residents and businesses were informed of the final proposal⁹¹
- publishing responses to key themes arising from the submissions.⁹²

5.1.3 Process for community consultation

We found the process the council used to engage with and consult the community about the proposed SV was adequate.

The council consulted with the community from 21 July to 1 September 2025 on the four potential rate increase scenarios and from 28 October to 25 November 2025 on the preferred 29% rate rise.

The council provided opportunities to give feedback in-person and online, in multiple formats. The council also published direct responses to key themes from both rounds of consultation.

Views expressed by respondents to IPART's survey on the council's consultation process were mixed. 38% of the 32 survey respondents who answered the relevant question disagreed or strongly disagreed that the council has communicated with the community using various methods such as community meetings, flyers, letters and social media. This compares to around 41% of the 32 survey respondents who answered the relevant question strongly agreeing or agreeing that the council has used various engagement methods community feedback.

Overall, we considered that the council's consultation process was adequate. It provided ratepayers an opportunity to provide feedback on the different rate increase options, and a further opportunity to provide feedback on the proposed SV. We found the range of engagement activities were adequate to ensure ratepayers were informed.

5.1.4 Council consideration of outcomes of community consultation

OLG Criterion 2 does not require the council to demonstrate community support for the proposed special variation. However, we expect the council to consider the results of community consultation in preparing its application.

We found the council did appropriately consider the results of community consultation.

Following the community consultation period on the four rate increase scenarios, the council reported these outcomes for its engagement activities:⁹³

- 574 email and mail submissions⁹⁴
- 400 responses to the representative community survey⁹⁵

- 4,515 responses to the opt-in community survey⁹⁶
- 24 attendees for the online forum⁹⁷
- 22 people attended the first drop-in session,⁹⁸ and 21 people attended the second⁹⁹
- 68 attendees for the recruited workshops¹⁰⁰
- 16 attendees for the council engagement event.¹⁰¹

The report summarised that:

- for the representative survey:
 - 56% of respondents ranked one of the SV options as their first preference, rather than the rate peg only option¹⁰²
 - 66% of respondents said they were at least somewhat supportive of a rate increase of 22%, which was most popular over the rate peg only (61%)¹⁰³
- for the recruited workshops, 7 out of 10 tables of participants selected an SV option as their first preference¹⁰⁴
- for the opt-in survey:
 - 40% of respondents ranked one of the SV options as their first preference¹⁰⁵
 - 67% of respondents were at least somewhat supportive of the rate peg only option, which was most popular over a rate increase of 22% (44% support) and 29% (29% support).¹⁰⁶

The council's report stated that generally the opt-in survey respondents were less satisfied with the council's performance than the representative survey respondents (72% compared to 85%).¹⁰⁷ The opt-in survey respondents also generally believed it was less important to maintain or renew local infrastructure (68% compared to 89%).¹⁰⁸

Some key themes of the submissions and recruited workshops were:

- the council should go 'back to basics' by cutting services and costs to fund infrastructure, and only consider a rate rise after focussing on efficiency and cost containment
- affordability and cost of living impacts
- more information and engagement on how the SV funds were to be spent
- a need for additional SV options e.g. between rate peg only (3%) and 22%.¹⁰⁹

During the council's public forum, several members of the community spoke in favour of a rate increase to fund the Marian Street Theatre redevelopment.¹¹⁰ Despite the strong community campaign, the council rejected the SV option that included funding for the theatre due to affordability concerns and low overall support.¹¹¹

During the council's consultation, some members of the community raised concerns about the council's ability to manage capital projects, noting the cost increases for the Norman Griffiths Oval project.¹¹² In response, the council acknowledged that the project had been "distressed".¹¹³ The council stated it was conducting an independent review and would be strengthening its project delivery framework including improved governance, monitoring and reporting structures.¹¹⁴

In response to the outcomes and feedback from its consultation process, the council:

- amended its LTFP and Delivery Program & Operational Plan to state that the \$1.7 million listed for "Other Infrastructure" would be directed towards traffic and transport facilities
- updated the LTFP to include more detail about the funding for St Ives Indoor Sports Centre
- affirmed its commitment to explore cost containment and efficiency measures
- committed to updating its financial hardship policy
- agreed to publish an indicative list of infrastructure projects to be funded through the preferred rate increase.¹¹⁵

The council conducted further community consultation during the exhibition of its revised IP&R documents.¹¹⁶ The council received 80 submissions¹¹⁷ with similar feedback to the first round of consultation.¹¹⁸ These submissions included some concerns about the council's spending and its management of the Norman Griffiths Oval project,¹¹⁹ as well as views that the oval should not be funded by the SV.¹²⁰ As part of its response, the council acknowledged the project was "problematic".¹²¹ It noted it would need to improve its internal processes to support the delivery of the capital works program funded by the SV.¹²² It also stated that the construction and other costs of the Norman Griffiths Oval project would not be funded by the SV.¹²³

The council did not make changes to the preferred rate increase option in its response.¹²⁴ The council states in its application that reducing the rate increase would both compromise the council's ability reduce the infrastructure backlog and deliver essential services.¹²⁵

5.2 OLG Criterion 2 – Community awareness was demonstrated

In conclusion, our assessment is that the council met OLG Criterion 2.

The council satisfactorily engaged with and consulted its community and provided sufficient information about the need for and extent of the proposed SV. It used an appropriate variety of engagement methods, provided sufficient opportunities for the community to provide feedback, and considered this feedback in preparing its SV application.

Chapter 6 >>

Impact on ratepayers

OLG Criterion 3

06

OLG Criterion 3 requires the council to show that the impact on ratepayers is reasonable considering current rates, the community's capacity to pay and the proposed purpose of the special variation.

Note: See Appendix A for the full criterion.

To assess this criterion, we considered stakeholder comments on the proposed SV's impact on ratepayers received through our feedback form and submissions, and analysed the council's assessment of the impact of the SV on ratepayers. We also undertook our own analysis to assess whether this impact is reasonable.

We found that the council met Criterion 3.

The sections below discuss our assessment of OLG Criterion 3 in more detail.

6.1 Impact of the proposed SV on average rates

The council calculated the total average impact on ratepayers over the proposed SV period. It shows that on average, for 2026-27:

- the residential rate would increase by \$488 or 28.4%
- the business rate would increase by \$1,695 or 29.3%.

Table 6.1 Impact of the proposed special variation on average rates

	2025-26 (current)	2026-27
Residential average rates (\$)	1,718	2,206
\$ increase	-	488
% increase	-	28.4
Business average rates (\$)	5,778	7,473
\$ increase	-	1,695
% increase	-	29.3

Note: These figures have been rounded in calculation and therefore summations on a whole may not appear to be correct. Source: Ku-ring-gai Council, [Application Part A](#) and IPART calculations.

6.2 The council's assessment of the proposed SV's impact on ratepayers

The criterion requires that the Delivery Program and LTFP show the impact of any rate rises on the community, demonstrate the council's consideration of the community's capacity to pay rates, and establish that the proposed rate increases are affordable having regard to the community's capacity to pay.

6.2.1 The council's IP&R documents

We found that the council's Delivery Program communicates the average residential and business rate increases, if the proposed 1-year SV of 29.0% is implemented.¹²⁶

The council's LTFP also states, for both residential and business rates:

- the yearly percentage increase
- yearly and cumulative dollar increases
- differences between increases for the SV and rate peg only scenarios.¹²⁷

6.2.2 The council's consideration of capacity to pay

Ku-ring-gai Council commissioned Morrison Low to report on the capacity of ratepayers to afford the proposed rate increase using a range of socio-economic factors and business indicators across the local government area (LGA). The report also examines the financial vulnerability and exposure of different community groups and geographic areas within the LGA.

The Analysis of Capacity to Pay report concluded that ratepayers had capacity to pay.¹²⁸ Some key findings in favour of capacity are set out below.

- Ku-ring-gai LGA has a high socio-economic status, with Socio-Economic Indexes for Areas (SEIFA) scores indicating low levels of disadvantage and high levels of advantage.¹²⁹ It also ranks low against comparable councils for rates charged per dollar of land value and ratio of weekly residential rates to household income, suggesting higher levels of affordability of a rate increase.¹³⁰
- The LGA has a high proportion of households in the two highest equivalised income (income standardised for number of people in a household) quartiles, 70% for the LGA compared to the Greater Sydney average of 55%.¹³¹ Combined with an improvement in household savings from 2018-2019 to 2023-24, contrary to the national trend of reduced savings,¹³² this is a strong indicator of capacity to pay.
- The LGA has a high proportion of fully-owned homes (40% for Ku-ring-gai compared to 27% for Greater Sydney) which indicates capacity to pay.¹³³ While the LGA does have higher levels of mortgage stress (23%) compared to Greater Sydney (20%), the report concludes that households have a greater capacity to respond to the stress due to high levels of equivalised income.¹³⁴

- The LGA has a lower proportion of vulnerable households, and people requiring core assistance (meaning day-to-day assistance with self-care, body movements or communication) compared to the Sydney average.¹³⁵
- The LGA has had an overall reduction in total expenditure of 3% from 2018-19 to 2023-24 and increase in net savings of 1%, as opposed to the national average of 0% reduction in expenditure but 14% reduction in net savings.¹³⁶ This is a potential indicator of capacity to pay.
- The LGA has had a low number of ratepayers on the financial hardship policy over the past 5 years.¹³⁷ From 2020-21 to 2024-25, the average number of ratepayers on the policy per year was between 3 and 4.
- The LGA has a low level of outstanding business rates (1-2%). Even with the highest proposed SV increase (33%), business rates would only be slightly above the average for all councils.¹³⁸ For business ratepayers, the report concludes there are good indicators of capacity to pay.

Some key findings against capacity to pay are as follows.

- Ku-ring-gai LGA has pockets of vulnerability in some suburbs, most notably East Killara, which has an increased likelihood of mortgage stress due to having the highest proportion of households with mortgage greater than 30% of income (31%) combined with slightly lower levels of equivalised income compared to other Ku-ring-gai suburbs.¹³⁹
- If implemented, the SV would move the average rate from the 8th highest among Sydney metropolitan councils to either the 3rd or 4th highest.¹⁴⁰

6.2.3 The council's consideration of willingness to pay

In 2024, the council commissioned independent research from Micromex on the community's perception of its services and facilities and included questions on the community's willingness to pay higher rates to support improvements.¹⁴¹ The report found at least 50% of respondents were at least somewhat supportive of paying higher rates to fund a range of asset classes including parks and sportsgrounds (74%), stormwater drainage (62%), community buildings (52%) and footpaths (69%).¹⁴²

Additionally, respondents were asked to state how important they found certain council services and facilities and how satisfied they were with them.¹⁴³ The report found significant gaps between importance and satisfaction ('performance gaps') for the provision of new footpaths (20%), the condition of existing footpaths (15%), traffic management (14%) and adequate drainage (10%).¹⁴⁴

Considering the above research, the council states in its application that the proposed SV responds directly to community service level expectations and the allocation of funds is designed to address asset classes with a wide performance gap, meaning areas the community finds to be important and not satisfactorily provided for.¹⁴⁵

During its consultation period in 2025, the council measured the community's willingness to pay to address the infrastructure backlog through a representative community survey and recruited workshops,¹⁴⁶ presenting four rate increase scenarios which are outlined in section 5.1.2.

The council found indicators for willingness to pay such as:

- 56% of respondents ranked one of the three SV options as their highest preference, compared to 44% who ranked the rate peg only option highest
- 45% of respondents were at least somewhat supportive of the 29% increase
- 7 out of 10 tables of workshop participants selected an SV option as their most preferred.¹⁴⁷

The highest SV option (33% increase) included funding for the redevelopment of Marian Street Theatre but was rejected due to affordability concerns and low overall support, despite a strong community campaign by supporters of the project.¹⁴⁸

6.3 Our analysis of the proposed SV's impact on ratepayers

To assess the reasonableness of the impact on ratepayers, we considered:

- how the council's rates have changed over time
- how current and proposed rates compare to councils in similar circumstances
- the community's capacity to pay based on socio-economic indicators, historical hardship applications and outstanding rates data
- what hardship provisions the council has in place to mitigate the impact.

6.3.1 How the council's rates have changed over time

Over the past 5 years, the average annual growth in the council's residential rates has been in line with the average rate peg increase. Residential rates have increased at an annual average rate of 3.57%, compared to the average rate peg of 3.4% over the same period. This may be due in part to the Additional Special Variation of 2.5% in 2022-23.

Table 6.2 Historical average rates in Ku-ring-gai Council (\$nominal)

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Average annual growth (%)
Residential	1,441	1,472	1,503	1,539	1,626	1,718	3.6
Business	3,933	3,934	4,260	4,454	4,688	5,778	8.0

Source: OLG, Time Series Data 2024-25, Ku-ring-gai Council, [Application Part A](#), IPART calculations.

6.3.2 How the council's rates compare to other councils

We compared the council's current average rates, and what they would be with the SV, with those of comparable councils. We then considered these findings together with the socio-economic comparisons discussed in section 6.3.3 and the available hardship provisions discussed in section 6.3.4 to help us assess the reasonableness of the proposed rate increase.

The councils we have selected for comparisons are outlined below.

- Based on locality: Ryde Council, Hornsby Shire Council, Northern Beaches Council and Willoughby Council. These councils are geographically close to Ku-ring-gai Council.
- Based on similar socio-economic advantage and disadvantage (SEIFA rank): Mosman Council, Woollahra Council, North Sydney Council and Waverley Council.^a

Box 6.1 Comparable councils

In our analysis of rate level and capacity to pay indicators, we have compared the council to other councils that are comparable to it based on their locality and SEIFA rank.

Comparable councils based on locality

Comparable councils based on locality includes neighbouring and nearby local government areas (LGAs). These council areas are not necessarily similar, but as ratepayers are more likely to be familiar with them and the differing service levels they provide, this comparison may help them assess their own rates level.

Comparable councils based on SEIFA rank

Comparable councils based on SEIFA rank means councils whose LGAs have similar levels of socio-economic advantage and disadvantage, as measured by Socio-Economic Indexes for Areas (SEIFA). SEIFA is a series of indexes that rank Australian LGAs according to relative socio-economic factors. It is developed by the [Australian Bureau of Statistics](#) using the latest census results (currently 2021). We used the 'Index of Relative Socio-economic Advantage and Disadvantage' which includes 23 variables covering income, household make-up, housing, education levels and employment.

Comparison of average residential rates

The council's current average residential rates are higher than the averages for comparable councils based on locality and SEIFA rank. Under the proposed SV in 2026-27, the average rates would remain higher than the range of averages for comparable councils.

See Table 6.3 for more information.

Comparison of other rating categories

The council's current average business rates are generally lower than the averages for comparable councils based on locality and SEIFA rank. Under the proposed SV in 2026-27, these rates would be within the range of averages for comparable councils based on locality and SEIFA rank.

^a Ku-ring-gai Council has a SEIFA rank of 127 out of 128 NSW councils. In general, a lower SEIFA rank indicates a higher level of relative disadvantage.

See Table 6.4 for more information.

Table 6.3 Comparison of the council's average residential rates under the proposed SV (Average residential rate (\$))

Council	2025-26 (current)	2026-27
Ku-ring-gai Council	1,718	2,206
Comparable based on locality		
Ryde Council	1,298	1,364
Hornsby Shire Council	1,584	1,672
Northern Beaches Council	1,901	2,124
Willoughby Council	1,324	1,392
Average^a	1,617	1,753
Comparable based on SEIFA rank		
Mosman Council	1,762	1,834
Woollahra Council	1,886	1,971
North Sydney Council	1,076	1,324
Waverley Council	1,326	1,395
Average^a	1,425	1,561

a. The average rate of comparable councils by locality and SEIFA rank are weighted by the number of assessments.

b. To derive the 2025-26 average rates for comparable councils, we used OLG's time series data as at 2024-25 (latest available) and escalated this by its rate peg, or if applicable, its approved SV.

c. To derive the 2026-27 average rates for comparable councils, we used OLG's time series data as at 2024-25 (latest available) and escalated this by its 2025-26, 2026-27 rate peg, or if applicable, its approved SV.

d. North Sydney Council has also applied for an SV for 2026-27. The average rates for this council assumes, for the purpose of the comparison, that the proposed SV was approved. IPART's actual decision in relation to North Sydney Council's SV application is set out in a separate report.

Source: OLG, Time Series Data 2024-25; ABS, 2021 Census SEIFA, and IPART calculations.

Table 6.4 Comparison of the council's average business rates under the proposed SV

Council	2025-26 (current)	2026-27
Ku-ring-gai Council	5,778	7,473
Comparable based on locality		
Ryde Council	11,397	11,978
Hornsby Shire Council	3,971	4,189
Northern Beaches Council	4,689	5,238
Willoughby Council	8,585	9,032
Average^a	6,203	6,680
Comparable based on SEIFA rank		
Mosman Council	3,878	4,037
Woollahra Council	4,760	4,974
North Sydney Council	6,906	8,495
Waverley Council	7,845	8,253
Average^a	6,488	7,401

a. The average rate of comparable councils by locality and SEIFA rank are weighted by the number of assessments.

b. To derive the 2025-26 average rates for comparable councils, we used OLG's time series data as at 2024-25 (latest available) and escalated this by its rate peg, or if applicable, its approved SV.

- c. To derive the 2026-27 average rates for comparable councils, we used OLG's time series data as at 2024-25 (latest available) and escalated this by its 2025-26, 2026-27 rate peg, or if applicable, its approved SV.
- d. North Sydney Council has also applied for an SV for 2026-27. The average rates for this council assumes, for the purpose of the comparison, that the proposed SV was approved. IPART's actual decision in relation to the council's SV application is set out in a separate report.

Source: OLG, [Time Series Data 2024-25](#); ABS, [2021 Census SEIFA](#), and IPART calculations.

6.3.3 The community's capacity to pay based on socio-economic indicators

To assess the community's capacity to pay the council's proposed rates, we considered a range of indicators of socio-economic status and levels of vulnerability in the community.

This assessment focused on residential rates, as residential ratepayers represent the majority of ratepayers.^b

Box 6.2 How we assessed capacity to pay

To help us understand the impact of the proposed SV on residential ratepayers, we compared selected socio-economic indicators for the council's community and the comparable councils' communities, using data from the 2021 census. We also considered the council's historical hardship and outstanding rates data. These measures provide an indication of the community's ability to pay additional rates and are useful to consider together with the average rates comparisons.

Socio-economic indicators

We considered the following socio-economic indicators when assessing the capacity to pay of residential ratepayers.

- The median income levels, and the ratio of average residential rates to median household income, which are indicators of capacity to absorb cost increases.
- The proportion of people on selected Government payments^c, which could be an indicator of levels of vulnerability as recipients may generally be on lower and fixed incomes.
- The level of outright home ownership, where a higher level may indicate that a community has more capacity to pay (as more households do not need to pay mortgage or rent payments).

^b Note that our assessment looks at the community as a whole and does not distinguish between those that directly pay rates and those that may indirectly be impacted.

^c These are the Age Pension, Disability Support Pension and JobSeeker Payment.

Box 6.2 How we assessed capacity to pay

- The proportion of occupied private dwellings where 30% or more of the household's imputed income is put towards housing costs, which can be an indicator of households experiencing cost-of-living pressures. However, putting 30% or more of a household's imputed income towards housing may not always be a sign of financial stress. A household may choose to make more mortgage repayments or reside in a more expensive area and have a sufficiently high income.

We also note that the cost of living has increased since this data was collected in the 2021 census.

Hardship applications and outstanding rates

We collected 5 years of historical data related to a community's ability to pay rates to understand trends in the area. This included:

- how many applications for hardship assistance were made to the council
- how many ratepayers were on hardship arrangements
- the value of rates (\$) that were outstanding as at 30 June.

We note these indicators can apply to very small proportions of the population.

Ku-ring-gai Council's area is in a similar position to comparable councils' areas, with almost all indicators suggesting ratepayers have a higher capacity to pay rates. Only one indicator (outstanding rates and annual charges ratio) suggests additional hardship. IPART's analysis of ABS Census data and OLG data found some key insights.

- Median income is higher in the Ku-ring-gai LGA than the average for comparable LGAs based on locality and SEIFA rank.
- The typical household in the Ku-ring-gai LGA spends around 1.1% of its household income on residential rates. This is slightly less than average in comparable LGAs based on locality (1.3%) and similar to the average in comparable LGAs based on SEIFA rank (1.1%).
- 15.4% of households in the Ku-ring-gai LGA may meet the definition of housing cost stress. This is less than the average in comparable areas based on locality (17.2%) and SEIFA rank (18.7%).
- 40.2% of dwellings in the Ku-ring-gai LGA are owned outright, which is higher than in other comparable councils based on locality (31.6%) and SEIFA rank (30.8%).
- 5.7% of the council's rates were outstanding, which is higher than the average for other comparable councils and does not meet the OLG benchmark of below 5%.

Table 6.5 Comparison of the council's socio-economic indicators

	Median annual household income (\$) ^a	Current average residential rates to median household income ratio (%) ^b	Outstanding rates and annual charges ratio (%) ^c	Proportion of population in receipt of select Government payments (%) ^d	Proportion of households that pay more than 30% of income towards housing costs (%) ^e	Dwelling owned outright (%) ^f
Ku-ring-gai Council	157,976	1.1	5.7	6.0	15.4	40.2
Comparable councils based on locality						
Ryde Council	109,096	1.3	4.7	10.1	21.5	26.0
Hornsby Shire Council	125,684	1.3	2.6	9.6	14.5	33.9
Northern Beaches Council	134,784	1.6	3.5	9.0	16.0	34.8
Willoughby Council	132,912	1.0	3.9	6.8	18.8	31.7
Average	125,619	1.3	3.7	9.1	17.2	31.6
Comparable councils based on SEIFA rank						
Mosman Council	150,384	1.2	3.1	5.6	17.4	38.3
Woollahra Council	165,984	1.2	3.1	5.2	18.3	35.3
North Sydney Council	131,248	1.0	3.5	6.2	17.8	25.5
Waverley Council	148,408	0.9	5.3	6.8	20.5	24.2
Average	149,006	1.1	3.7	6.0	18.7	30.8

a. Median annual household income is based on 2021 ABS Census data.

b. The 2025-26 average rates for comparable councils are calculated based on the OLG's time series data as at 2024-25 (latest available data) escalated by a council's 2025-26 rate peg or approved SV, as relevant.

c. The Outstanding rates ratio (%) is derived from the OLG's Rates & Annual Charges Outstanding Percentage for the General Fund as at 2024-25 (latest available data). The formula is 'rates and annual charges outstanding (\$)' divided by 'rates and annual charges collectible (\$)'.

d. Proportion of population in receipt of select government payments (%) is based on the total number of Age Pension, Disability Support Pension and the JobSeeker Payments divided by the estimated resident population from the ABS Data by Region.

e. Proportion of occupied private dwellings where 30% or more of the household's imputed income is put towards housing costs payments is calculated by the following formula = (households where mortgage repayments are more than 30% of the imputed household income (no.) + households where rent repayments are more than 30% of the imputed household income (no.)) / total occupied private dwellings (no.). These measures are from the ABS Data by Region.

f. Dwelling owned outright (%) is from the ABS Data by Region.

Source: OLG, [Time Series Data 2024-25](#); ABS, [2021 Census SEIFA](#); ABS, [Data downloads 2011, 2016-25](#), Family and community, Population and people, Income and IPART calculations.

In addition to these socio-economic indicators, we considered historical data on the number of ratepayers applying for hardship provisions. Recent trends can give an indication of ratepayers' ability to pay current rates levels and the potential impact of other recent cost increases.

The number of ratepayers on the hardship policy has varied over the past 5 years, but has remained very low – 6 or fewer per year over the past 5 years.¹⁴⁹

The average amount owing per ratepayer on the council's hardship policy has also fluctuated over the last 5 years, with a very significant increase from \$2,111 owing in 2023-24 to \$13,518 in 2024-25.

Box 6.3 Rates and annual charges outstanding ratio

The rates and annual charges outstanding ratio measures the impact of uncollected rates and annual charges on a council's liquidity and the adequacy of its debt recovery effort. This is defined as:

$$\text{Rates and annual charges outstanding ratio} = \frac{\text{Rates and annual charges outstanding}}{\text{Rates and annual charges collectible}}$$

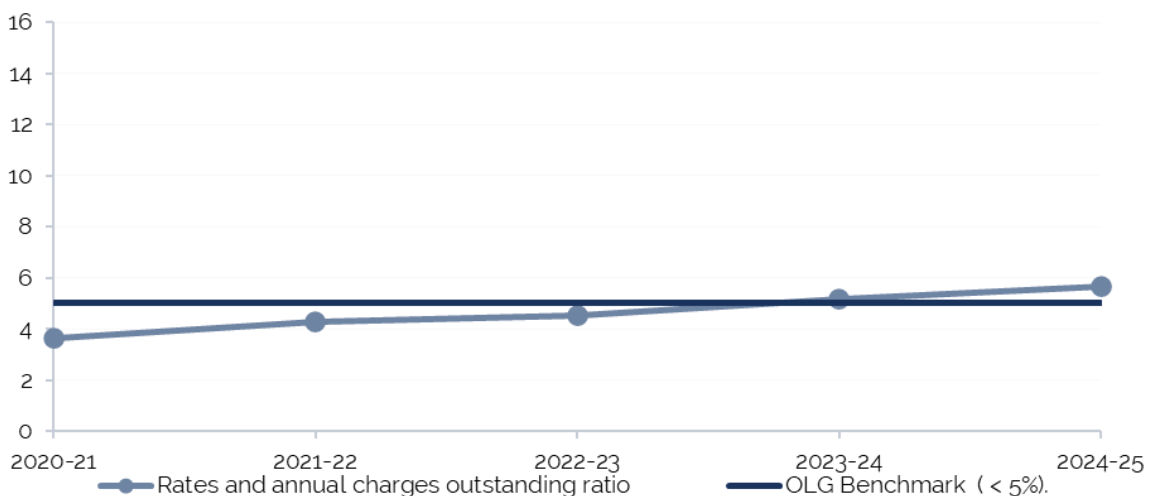
The OLG has set a benchmark for the ratio of less than 5% for metropolitan councils and less than 10% for regional and rural councils.

Source: Office of Local Government, *Performance Benchmarks* and *Assets*.

We also considered the council's rates and annual charges outstanding ratio. While a rates and annual charges outstanding ratio above the OLG benchmark can be a reflection of how effectively the council has managed its debt recovery efforts, it can also be an indication that a greater number of ratepayers have been unable to pay their rates on time.

The average rates and annual charges outstanding ratio across 2020-2021 to 2024-25 is 4.7%. This meets the OLG benchmark of less than 5% for metropolitan councils. However, the ratio has been worsening slightly over the past 5 years and in 2024-25, the ratio was 5.7%, which is higher than (i.e. did not meet) the OLG benchmark.

Figure 6.1 The council's rates and annual charges outstanding ratio (%)



Source: OLG time series data and IPART calculations.

6.3.4 The council's hardship policy and availability of concessions

A hardship policy can play an important role in mitigating the impact of an SV on vulnerable ratepayers. We are satisfied that the council has a financial hardship, assistance and debt policy in place to assist vulnerable ratepayers, and it has appropriate strategies to make its community aware about how to access this. The council updated its hardship policy in November 2025.¹⁵⁰

The hardship policy provides assistance, such as:

- writing off accrued interest on rates and charges
- flexible payment plans.¹⁵¹

Under the *Local Government Act 1993*, councils must provide concessions to eligible pensioners which is half of the total ordinary rates and domestic waste management service charge, up to a maximum of \$250. The council also provides an additional voluntary concession on rates and charges of 8.5%.¹⁵² In 2025-26, this was, on average, an additional \$146 for each pensioner.¹⁵³

The council's application stated that its rate notices, instalment and reminder notices, and its website all outline how to access the hardship policy and it intends to include additional information about the policy in its next annual distribution of rates notices.¹⁵⁴

It also noted that council staff proactively contact ratepayers who show signs of financial difficulty via phone and email to offer information and guidance on available hardship assistance. In some extenuating circumstances, council staff extend short-term financial assistance to ratepayers without the need for a formal application.¹⁵⁵

In addition to payment plans created under the hardship policy by the council, the council has a flexible digital payment tool (Payble) which allows ratepayers to independently create and manage their own payment plans for current and overdue rates.¹⁵⁶

6.4 OLG Criterion 3 – Impact on ratepayers was demonstrated

In conclusion, our assessment is that the council met OLG Criterion 3.

We acknowledge that the rate increase with the approved SV will be sizeable, and stakeholders told us that it is likely to create affordability challenges, particularly with the current cost-of-living pressures.

However, we consider the impact of the proposed SV on ratepayers is generally reasonable. The council's assessment of this impact concluded the community has sufficient capacity to pay the proposed rates increases, provided an appropriate hardship policy was in place to assist vulnerable ratepayers. Low outstanding business rates indicate capacity to pay for business ratepayers.

The council also provided evidence that there is some willingness to pay increased rates for improved infrastructure. In 2025, a representative survey found 56% of respondents ranked an SV option as their first preference rather than a rate peg only option.¹⁵⁷ In 2024, a community research report found at least 50% of respondents were at least somewhat supportive of paying higher rates.¹⁵⁸

Our own analysis found that with the SV, the council's average residential rates would only be slightly higher than the range of average residential rates for comparable councils based on locality and SEIFA rank. The council's average business rates would be within the range of average business rates. Furthermore, the residential population of its area has less socio-economic disadvantage than those of comparable council areas based on selected indicators, including median household income and dwellings owned outright. The council also has a hardship policy in place, and offers an additional 8.5% voluntary concession to eligible pensioners.

Chapter 7

IP&R documents

OLG Criterion 4

07

OLG Criterion 4 requires the council to exhibit, approve and adopt the relevant Integrated Planning and Reporting (IP&R) documents before applying for the proposed SV.

Note: See Appendix A for the full criterion.

To assess whether the council met Criterion 4, we checked the information provided by the council.

7.1 OLG Criterion 4 – IP&R documents was demonstrated

We found that the council met the criterion. It exhibited (where required), approved and adopted its IP&R documentation.

The council:

- exhibited its current Community Strategic Plan from 23 April to 20 May 2025,¹⁵⁹ and adopted it on 17 June 2025¹⁶⁰
- exhibited its current Delivery Program from 28 October to 25 November 2025,¹⁶¹ and adopted it on 16 December 2025¹⁶²
- exhibited its current LTFP from 28 October to 25 November 2025,¹⁶³ and adopted it on 16 December 2025,¹⁶⁴ and the adopted LTFP is available on [Ku-ring-gai Council's Resourcing Strategy page](#)¹⁶⁵
- exhibited its current Asset Management Strategy from 28 October to 25 November 2025,¹⁶⁶ and adopted the Asset Management Strategy and Asset Management Plans on 16 December 2025¹⁶⁷
- submitted its SV application on 30 January 2026.¹⁶⁸

In conclusion, we found that the council exhibited and adopted the relevant IP&R documents.

Box 7.1 Integrated Planning & Reporting documents

The IP&R framework allows councils and the community to engage in important discussions about service levels and funding priorities and to plan for a sustainable future. This framework underpins decisions on the revenue required by each council to meet the community's needs.

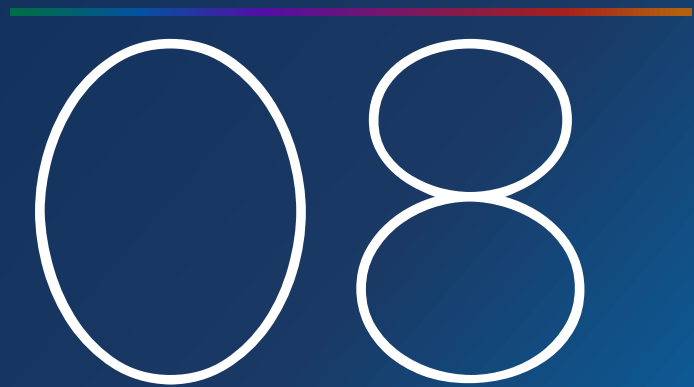
The relevant documents are the Community Strategic Plan, Delivery Program, Long-Term Financial Plan (LTFP), and where applicable, Asset Management Plan. Of these, the Community Strategic Plan and Delivery Program require (if amended) public exhibition for 28 days (and re-exhibition if further amended). Councils are also expected to post its LTFP on its website.

Source: Office of Local Government [Integrated Planning and Reporting Guidelines](#).

Chapter 8 >>

Productivity and cost containment strategies

OLG Criterion 5



OLG Criterion 5 requires councils to explain and quantify the productivity improvements and cost containment strategies that have been realised in past years and are expected to be realised over the years of the proposed SV.

Councils should present their productivity improvements and cost containing strategies in the context of ongoing efficiency measures and indicate if the estimated financial impact of those measures has been incorporated in the council's Long Term Financial Plan.

Note: See Appendix A for the full criterion.

To assess this criterion, we considered stakeholders' comments on the council's productivity and cost containment performance that we received through our feedback form and submissions. We also analysed information provided by the council on its productivity and cost containment performance and examined some key indicators of the council's efficiency.

We found that the council met this criterion.

The sections below discuss our assessment of Criterion 5 in more detail.

8.1 The council's information on realised and proposed productivity savings

The council told us that it has achieved estimated savings of around \$7.4 million over the past 5 years. It has also freed up around 13,700 hours of administrative time (equivalent to around 7 FTEs) through a few specific initiatives.¹⁶⁹ The council estimates that it would deliver ongoing savings amounting to \$3.9 million and 8,600 hours of admin time over the next two years.¹⁷⁰

The council indicated that while most future planned initiatives have commenced, it has identified additional projects to deliver efficiencies that still need to be confirmed and thus are not included in its LTFP.¹⁷¹ These include a new online rates payment platform estimated to result in a cost reduction of \$95,000 per year¹⁷² and the electrification of a gas boiler for a one-off saving of \$32,000.¹⁷³

8.2 Our analysis of the council's information on productivity savings

We analysed the information the council provided on its realised and proposed productivity improvements and cost containment strategies.

8.2.1 Realised productivity improvements and cost containment to date

We found the council has implemented productivity improvements and planned further initiatives. The council told us it established a program of productivity improvements and cost containment, estimating that it has achieved savings of around \$7.4 million in total and up to 13,700 hours of administrative time per year (around 7 FTEs) over the period from 2020-2021 to 2024-25.¹⁷⁴ This equates to about 1.0% of the council's total expenses from continuing operations¹⁷⁵ and 1.7% of average administrative time¹⁷⁶ over the past few years.^a

We consider the size of these savings shows the council has pursued some efficiency gains over this period.

The council indicated that the one-off and ongoing savings are the result of the following initiatives:

- process improvement and service delivery changes
 - coordinated survey data collection for urban forest monitoring to eliminate costs of independent survey, saving \$30,000 biennially
 - streamlined processes associated with the Land & Environment Court and reduced delays and legal costs by giving timely decisions and providing the court with information upfront,¹⁷⁷ saving \$376,960 - \$912,326 depending on the year
 - delivering key training programs in-house, saving around \$55,000 - \$98,000 per year
 - implementing library technology and support operations efficiency measures such as decommissioning redundant systems and improving processes and software
 - reducing printed communications and advertising costs, saving around \$127,000 - \$175,000 per year
 - records digitisation to save storage costs of \$30,000 per year
- technology adoption
 - integrated HR systems, including performance review and employee recognition platforms
 - use of advanced urban planning tools to replace manual work
 - replaced aging phone system to reduce maintenance costs
- asset and resource management
 - energy consumption savings such as solar and fleet electrification
 - transitioned some of the council fleet to electric and low emissions vehicles
 - LED street lighting upgrades, saving \$173,481 per year

^a The total expenses from continuing operations over the period of 2020-21 to 2024-25 as per Worksheet 9 in the [Application Part A](#) is around \$714,287,000 and the total \$7.4 million savings over 5 years represents about 1.0% of the total council expenses.

From the council's Productivity and Cost Containment Report (p. 11) the average FTE per year over the period 2019-20 to 2023-24 is 413 FTE. We note the 13,700 hours of admin time savings were made across a different period (2020-21 to 2024-25). However, using the 413 FTE indicatively, the time savings of 7 FTE represent around 1.7%.

- drainage relining program instead of full trench reconstruction, saving \$285,553 per year with forecasted cost savings to increase
- replacement of printer fleet
- procurement of new contract for animal impounding with better financial terms
- library staffing restructure and review of service, saving \$193,000 per year.¹⁷⁸

The council's application also advised it has undertaken the following reviews and implemented efficiency measures:

- targeted service improvement reviews, such as streamlining development assessment services to improve average times by 32% and restructuring the corporate communications unit¹⁷⁹
- streamlining tree management processes such as moving permit applications online and passing after-hours responsibilities for fallen trees to the State Emergency Service¹⁸⁰
- digitising human resources functions like onboarding, recruitment, learning and performance reviews.¹⁸¹

8.2.2 Proposed productivity improvement and cost containment strategies in coming years

We found that the council's application outlines various current cost containment strategies across the same areas outlined in the previous section. The council estimates it would achieve \$3.9 million in total savings from initiatives to be undertaken between 2025-26 and 2026-27,¹⁸² which is a higher amount of savings per year than on average in the past 5 years.^b The future average savings per year (\$1.95 million) equates to about 1.2% of total expenditure in 2025-26 (\$165,191,305).¹⁸³ The council also estimates savings of around 8,600 hours of admin time over the next two years.¹⁸⁴

The council has indicated that its future strategies for improving productivity and efficiency include:

- continuing the council's Service Improvement Review Program which commits to at least 4 internal service reviews each financial year to assess efficiency, resource requirements and streamline processes¹⁸⁵
- continued participation in the LG Professionals Service Reviews in a Box program, which engages councils in a structured service review process over six months¹⁸⁶
- implementing a new centralised system for managing risk, WHS and public liability claims, saving an estimated 800 hours of administrative time per year¹⁸⁷
- upgrading the property, rating and request management systems¹⁸⁸
- continued integration of electric and low-emission vehicles into the council's fleet¹⁸⁹
- simplifying service request forms to streamline internal processes and transitioning to a new Employee Self Service platform, saving an estimated 4,600 hours of administrative time per year¹⁹⁰
- preparing to tender for building services (cleaning, security, fire, pest control and air conditioning) to achieve further efficiencies through competitive pricing.¹⁹¹

The council also expects some future cost savings from two additional projects with specific savings yet to be confirmed. In particular, these include:

- a new online rates payment platform (Payble) implemented by the council, expected to lead to ongoing annual savings of around \$95,000 in reduced manual processing
- electrification of a gas boiler for a one-off saving of \$32,000.¹⁹²

The council noted that their LTFP does account for some future savings from projects and initiatives which are already underway, such as the drainage relining program and library service review.¹⁹³ However, the council has advised that most of the planned projects listed above have not been quantified or incorporated in the council's LTFP to date, pending more detailed modelling to confirm expected cost savings. The council's application noted this is because the savings are "not yet sufficiently quantified, confirmed or certain enough to meet the rigour required for formal LTFP modelling".¹⁹⁴

^b The council's stated total savings over the past 5 years is \$7.4 million, which is \$1.48 million per year. The council's stated total estimated savings over the next 2 years is \$3.9 million or \$1.95 million per year.

We note that previous reports on the council's cost containment and productivity program may suggest that opportunities to achieve future cost efficiencies may be limited.¹⁹⁵ The council engaged Morrison Low to conduct a financial sustainability review, published in January 2023. The review notes that the council has been "on an improvement path and further opportunities for improvement may be limited", considering its lower operating expense per resident and lower increase in operating expenditure in the 5 years leading up to the financial sustainability review.¹⁹⁶

We consider the council has made an effort to increase productivity and cost containment to fund essential infrastructure needs before applying for the proposed SV.

8.3 Indicators of the council's efficiency

We examined indicators of the efficiency of the council's operations and asset management processes, including how its efficiency has changed over time and how its performance compares with that of similar councils. This data is presented in Table 8.1 and Table 8.2 below.

We found that between 2020-21 and 2024-25, the council's:

- number of full time equivalent (FTE) staff, on average, decreased by 0.2% each year
- average annual cost per FTE increased by an average of 5.0% nominal per annum
- employee costs as a percentage of operating expenditure decreased by 0.6% each year.

We also found that compared to the average of comparable councils based on locality, the council has:

- fewer staff per population than the average: it has one FTE for every 308.6 residents compared to the locality average of one FTE for every 240.5 residents
- lower operating expenditure per capita: around 10% lower than the locality average.

The council stated in its application that it operates efficiently and outperforms most metropolitan councils in other metrics such as:

- lower operating expenditure per kilometre of road: the council spends \$320,000 per kilometre compared to the average of \$476,000 per kilometre, which is 32% lower¹⁹⁷ and may suggest efficiency in maintaining infrastructure and providing related services¹⁹⁸
- lower average annual increase in operating expenditure: 4th lowest of all Sydney councils¹⁹⁹

The council's application also referred to its strategy of outsourcing services to contractors and consultants for specific, non-recurring infrastructure projects or specialised engineering works,²⁰⁰ where it is more cost-effective than hiring permanent staff.²⁰¹ It noted that contractor and consultancy costs have increased by 12% from \$43.4 million in 2019-20 to \$48.5 million in 2023-24 due primarily to post-Covid price increases and inflation.²⁰²

These performance indicators only provide a high-level overview of the council's efficiency at a point in time. Additional information would be required to accurately assess the council's efficiency and its scope for future productivity gains and cost savings.

Table 8.1 Trends in selected efficiency indicators for the Ku-ring-gai Council

Performance indicator	2020-21	2021-22	2022-23	2023-24	2024-25	Average annual change (%)
FTE staff (number)	419	416	410	411	416	-0.2
Ratio of population to FTE	304.5	299.7	302.9	312.3	308.6	0.3
Average cost per FTE (\$)	102,606	106,519	111,941	119,511	124,911	5.0
Employee costs as % of operating expenditure (General Fund only) (%)	33.1	34.0	32.0	31.8	32.4	-0.6

Source: OLG, [Time Series Data 2024-25](#) and IPART calculations.

Table 8.2 Select comparator indicators

	Ku-ring-gai Council	Locality average	NSW average
General profile			
Area (km ²)	85	193	5,571
Population	128,362	161,072	65,748
General Fund operating expenditure (\$m)	160.6	223.9	119.5
General Fund operating revenue per capita (\$)	1,422.5	1,701.7	2,232.2
Rates revenue as % of General Fund income (%)	56.7	53.3	43.5
Own-source revenue ratio (%)	85.2	81.5	68.0
Productivity (labour input) indicators			
FTE staff	416.0	669.8	411.1
Ratio of population to FTE	308.6	240.5	159.9
Average cost per FTE (\$)	124,911	127,839	115,190
Employee costs as % of operating expenditure (General Fund only) (%)	32.4	38.2	37.4
General Fund operating expenditure per capita (\$)	1,251	1,390	1,817

Note: Locality is defined in Box 6.1.

Source: OLG, [Time Series Data 2024-25](#) and IPART calculations.

8.4 OLG Criterion 5 – Productivity improvements and cost containment strategies was demonstrated

In conclusion, our assessment is that the council met OLG Criterion 5.

The council outlined that its past productivity improvement and cost containment initiatives have resulted in ongoing savings of around \$7.4 million in total and freeing up an estimated 13,700 hours of administrative time (around 7 FTEs) per year over 2020-21 to 2024-25.²⁰³ The past savings amounts to about 1.0% of total council expenditure over the past 5 years.

The council estimated it would deliver ongoing savings amounting to \$3.9 million over the next two years.²⁰⁴ This amounts to about 1.2% per year of total council expenditure (2025-26).²⁰⁵ It also estimates saving 8,600 hours of admin time in total.²⁰⁶ It also identified planned initiatives, including one with an estimated productivity saving of around \$95,000 per year.²⁰⁷ However, many of the future initiatives have not been incorporated into its LTFP.

The council states in its application that it operates efficiently and this generally aligns with our findings regarding council efficiency, as the council has fewer staff per population and lower operating expenditure per capita than comparable councils by locality.

Given the council's relatively efficient operations, we are satisfied the savings and planned initiatives are proportionate to its size and resources.²⁰⁸ We consider the council has made a reasonable effort to increase productivity and cost containment to fund essential infrastructure needs before applying for the proposed SV. We also note, however, that some expected benefits from future planned initiatives have not yet been quantified or incorporated in the council's LTFP.

Chapter 9 >>

Any other matter IPART
considers relevant

OLG Criterion 6

09

OLG Criterion 6 provides that IPART may take into account any other matter that it considers relevant.

Note: See Appendix A for the full criterion.

We consider that a relevant matter is whether the council has been granted an SV in recent years, and if so, whether the council has complied with any conditions attached to that SV.

9.1 We consider the council's compliance with conditions imposed on past SVs

Since IPART was delegated the function of granting SVs in 2010, IPART has granted the council 5 SVs:

- temporary SV of 7.8% for 2011-12
- temporary SV of 8.4% for 2013-14
- permanent SV of 7.3% for 2014-15
- permanent SV of 7.7% for 2019-20
- permanent Additional SV (ASV) of 2.5% for 2022-23

9.2 The council has partially complied with conditions imposed on past SVs

The council indicated in its current SV application that it has complied with the reporting conditions of SVs approved by IPART. It also provided supporting evidence of compliance with conditions,²⁰⁹ and a declaration by the General Manager on compliance.²¹⁰

We have reviewed the council's compliance with our reporting conditions in the last 5 years from 2020-21 to 2024-25.

9.2.1 The council has not complied with the conditions of its 2022-23 ASV

A condition of the ASV approved in 2022-23 was that the council in its annual report for 2022-23 must outline:

- its actual revenues, expenses, and operating results against the projected revenues, expenses and operating results
- any significant differences between its actual and projected revenues, expenses and operating results and the reasons for those differences
- the additional income raised by the ASV.²¹¹

We have reviewed the council's 2022-23 annual report and assessed that council has not complied with the conditions of the ASV.

9.2.2 The council has complied with the conditions of its 2014-15 SV

The council indicated in its current SV application that it has complied with the reporting conditions of SVs approved by IPART.

A condition of the SV approved in 2014-15 was that the council in its annual report for each year from 2014-15 to 2023-24 must outline:

- expenditure consistent with the council's application, and the reasons for any significant differences from the proposed expenditure
- the outcomes achieved as a result of the actual program of expenditure.²¹²

For this SV, there are 4 reporting years that fall within the years that we were checking for compliance, that is 2020-21 to 2023-24. We have reviewed the council's annual reports from 2020-21 to 2024-25 and assessed that the council has complied with the conditions of the SV.

9.2.3 The council has partially complied with the conditions of its 2019-20 SV

The council indicated in its current SV application that it has complied with the reporting conditions of SVs approved by IPART.

A condition of the SV approved in 2019-20 was that the council in its annual report for each year from 2019-20 to 2024-25 must outline:

- the program of expenditure that was actually funded by the additional general income
- any significant differences between the proposed program of expenditure and the program of expenditure that was actually funded by the additional general income and the reasons for those differences
- the outcomes achieved as a result of the additional general income
- the council's actual revenues, expenses and operating balance against the projected revenues, expenses and operating balance as outlined in the LTFP
- any significant differences between the council's actual revenues, expenses and operating balance and the projected revenues, expenses and operating balance as outlined in the LTFP and the reasons for those differences.²¹³

For this SV, there are 5 reporting years that fall within the years that we were checking for compliance, that is 2020-21 to 2024-25. We have reviewed the council's annual reports from 2020-21 to 2024-25 and assessed that the council has partially complied with the conditions of the SV. The council reported on the conditions related to expenditure listed in its annual reports and the outcomes achieved as a result of the additional general income. However, the council did not report on actual revenues and operating balances against projected amounts, or the reasons for any differences.

9.2.4 Compliance with conditions imposed on past SVs

Complying with the conditions is integral to the SV process. Reporting allows the council to be held accountable for its expenditure and the commitments it made to its community when it decided to apply for the SV. It also supports ratepayers in having confidence in their council and the special variation process.

The OLG is the body responsible for enforcing compliance with the conditions attached to SVs. The IPART Chair has written to the OLG identifying the council's failure to comply.

Chapter 10 >>

IPART's decision on the
SV application

10

Based on our assessment of the council's application against the OLG criteria and consideration of stakeholder feedback, we have approved in full the council's proposed permanent SV to general income for 2026-27.

Table 10.1 IPART's decision on the special variation to general income (%)

	2026-27
Annual percentage increase (%)	29.0

Source: IPART calculations.

Our *Instrument Under Section 508(2) of the Local Government Act 1993 - Special Variation for Ku-ring-gai Council for 2026-27* gives legal effect to this decision and sets out the conditions of approval.

10.1 Reasons for our SV decision

We made this decision after balancing the council's financial need to deliver its core services with the impact of the rates increase on its ratepayers. Currently, the council's operating expenses exceed its revenue, and without the SV, this gap would continue to worsen over the next 5 years. This is unsustainable if the council is to continue delivering the services and infrastructure in its adopted plans.

Under the proposed SV, the council would have an operating performance ratio (OPR) of around 8-11% over the next 9 years which is significantly above the OLG benchmark of greater than 0%. We consider this to be reasonable given the circumstances as the OPR formula does not account for capital expenditure above annual depreciation or principal loan repayments, as these are not operating expenses. The council has allocated around 95% of the SV funds to capital expenditure in order to reduce its infrastructure backlog from \$93.7 million in 2025-26 to \$23 million in 2034-35.²¹⁴ Without the SV, the infrastructure backlog and renewals ratios would not meet OLG benchmarks, supporting the need for the SV. The remaining 5% of the funds will be allocated to partly repaying the loan for the St Ives Sports Centre.

We found that the council satisfactorily consulted its community and provided sufficient information about the need for and extent of the proposed SV. The council used an appropriate variety of engagement methods and provided sufficient opportunities for the community to provide feedback. 60% of respondents of a representative survey reported being aware of the proposed SV. The council also considered and gave direct responses to community feedback on the rate increase scenarios before making its decision.

We acknowledge that many stakeholders told us that the proposed rates increase is likely to create affordability challenges, particularly with the current cost-of-living pressures. We found that the council demonstrated the impact on ratepayers is generally reasonable, considering its current rates and the community's capacity to pay. Our analysis found that with the SV, the council's average residential rates would be higher than the averages for comparable councils based on locality and Socio-Economic Indexes for Areas (SEIFA) rank. The council's average business rates would be within the range of averages for comparable councils.

In addition, the population of Ku-ring-gai's local government area (LGA) has less socio-economic disadvantage than those of comparable council areas based on most of the selected indicators, including median household income and dwellings owned outright. The council has a hardship policy in place to assist vulnerable ratepayers, with additional concessions available to eligible pensioners.

We also heard concerns around the council's management of its budget and how efficiently it operates. As part of our assessment, we considered whether the council had pursued productivity savings. The council estimates that it has achieved savings of around \$7.4 million over the period 2020-21 to 2024-25.²¹⁵ This equates to about 1.0% of the council's average total expenses from continuing operations over the past few years.²¹⁶ The council also estimates ongoing savings amounting to \$3.9 million in total over the next two years.²¹⁷ This amounts to about 1.2% per year of total council expenditure (2025-26).²¹⁸ It also estimates saving 8,600 hours of administrative time in total.²¹⁹ We also found that the council has taken steps to ensure continuous improvement of processes which will contribute to future productivity and cost savings.

We found that the council has partially complied with conditions attached to past SVs. The council complied with the conditions for the 2014-15 SV and only partially complied with the conditions of the 2019-20 SV, between 2020-21 to 2024-25.

10.2 We have put conditions on the special variation

The Tribunal decided to impose the following conditions:

- The council use the additional income for the purpose of funding the proposed program (see Table B.2 in Appendix B)
- The council report in its annual report for each year from 2026-27 to 2031-32 (inclusive):
 - the program of expenditure that was actually funded by the additional income, and any differences between this program and the proposed program in Table B.2
 - any significant differences between the council's actual revenues, expenses and operating balance and the projected revenues, expenses and operating balance as outlined in the LTFP, and the reasons for those differences
 - the outcomes achieved as a result of the additional income
 - whether or not the council has implemented the productivity improvements as set out in Appendix B, and
 - i if so, the annual savings achieved through these measures, and what these equate to as a proportion of the council's total annual expenditure, and
 - ii if not, the rationale for not implementing them
 - any other productivity and cost containment measures the council has in place, the annual savings achieved through these measures, and what these savings equate to as a proportion of the council's total annual expenditure.

10.3 Impact on ratepayers

IPART sets the maximum allowable increase in the council's general income, but the council determines how it allocates any increase across different categories of ratepayer. Based on what the council has told us in its application, the expected impacts on ratepayers under the approved SV are shown in Table 10.2 below.

This shows that on average, in 2026-27, if the council chooses to increase rates to recover the maximum permitted general income under the approved SV:

- the residential rate would increase by \$488 or 28.4%
- the business rate would increase by \$1,695 or 29.3%.

Table 10.2 Indicative annual increases in average rates under the approved SV (2025-26 to 2026-27)

	2025-26 (current)	2026-27
Residential average rates (\$)	1,718	2,206
\$ increase	-	488
% increase	-	28.4
Business average rates (\$)	5,778	7,473
\$ increase	-	1,695
% increase	-	29.3

Note: These figures have been rounded in calculation and therefore summations on a whole may not appear to be correct.
Source: Ku-ring-gai Council, [Application Part A](#) and IPART calculations.

10.4 Impact on the council

Our decision means that the council may increase its general income by \$24.25 million over the next year. These increases can remain in the rates base permanently.

The table below shows the percentage increases we have approved and estimates of the annual increases in the council's permissible general income (PGI).

Table 10.3 Permissible general income of council for 2026-27 due to the approved SV

	2026-27
Increase approved (%)	29.0
Cumulative increase approved (%)	-
Increase in PGI (\$'000)	24,247.7
Cumulative increase in PGI (\$'000)	-
PGI (\$'000)	108,318.5

Source: IPART calculations.

This extra income will enable the council to:

- meet community expectations and modern standards for local critical infrastructure
- address generations of under-investment in essential assets, and
- ensure that future generations are not burdened with the increased costs of deteriorating infrastructure.²²⁰

With the SV, the council projected these outcomes.

- OPR will improve and reach around 10.6% in 2026-27, meeting the OLG benchmark of greater than 0% – as shown in Figure 4.1 The council's projected OPR in Chapter 4. Under the proposed SV, the average OPR over the next 5 years would be 9.2%, which is significantly above the OLG benchmark but as explained in Chapter 4, the OPR does not account for capital expenditure. This means the council needs to generate an operating surplus to fund capital expenditure, indicated by an OPR above the OLG benchmark of 0%. The council has allocated 95% of its SV income to capital expenditure. In this way, the high OPR under the proposed SV does not necessarily indicate excessive council funds.
- Net cash to income ratio, which is currently projected to decline, will stabilise and remain at around 14-17% until 2034-35 – as shown in Figure 4.2 The council's net cash (debt) to income ratio (%) in Chapter 4. Under the proposed SV the council's net cash to income ratio would remain positive over the next 9 years.

Appendices

Appendix A >>

OLG Assessment Criteria

A

A.1 Special Variations assessment materials

The Office of Local Government (OLG) sets the criteria for assessing special variation applications in its special variation guidelines. The guidelines help councils prepare an application to increase general income by means of a special variation.

A special variation allows a council to increase its general income above the rate peg. Special variations can be for a single year or over multiple years and can be temporary or permanent.

IPART applies the criteria in the guidelines to assess councils' applications. In brief, the criteria for a special variation include:

1. the need for, and purpose of a different revenue path for the council's General Fund must be clearly set out and explained in the council's IP&R documents
2. there must be evidence that the community is aware of the need for and extent of a proposed rate rise
3. the impact on affected ratepayers must be reasonable
4. the relevant IP&R documents must be exhibited (where required) approved and adopted by the council
5. the IP&R documents or the council's application must explain and quantify the productivity improvements and cost containment strategies of the council
6. any other matter that IPART considers relevant.

We also provide comprehensive guidance on our approach to assessing special variation applications. This includes information for councils on our expectations of how to engage with their community on any proposed rate increases (see our [guidance booklet](#)).

Criterion 1: Financial need

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:^a

- **Baseline scenario:** General Fund revenue and expenditure forecasts which reflect the business as usual model, and exclude the special variation
- **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.

^a OLG, IP&R Manual for Local Government "Planning a Sustainable Future", March 2013, p 71

The IP&R documents and the council's application should provide evidence to establish the community need/desire for service levels/project and limited council resourcing alternatives. Evidence could also include analysis of council's financial sustainability conducted by Government agencies.

In assessing this criterion, IPART will also consider whether and to what extent a council has decided not to apply the full percentage increases available to it in one or more previous years under section 511 of the *Local Government Act*. If a council has a large amount of revenue yet to be caught up over the next several years, it should explain in its application how that impacts on its need for the special variation.

Criterion 2: Community awareness

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 SV in percentage terms, and the total increase in dollar terms for the average ratepayer, by rating category. Council should include an overview of its ongoing efficiency measures and briefly discuss its progress against these measures, in its explanation of the need for the proposed SV. 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.^b

Criterion 3: Impact on ratepayers is reasonable

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

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

In assessing the impact, IPART may also consider:

- Socio-Economic Indexes for Areas (SEIFA) data for the council area
- Whether and to what extent a council has decided not to apply the full percentage increases available to it in one or more previous years under section 511 of the *Local Government Act*.

^b See section 4 of IPART's [2026-27 guidance booklet](#).

Criterion 4: IP&R documents are exhibited

The relevant IP&R documents^c must be exhibited (where required), approved and adopted by the council before the council applies to IPART for a special variation to its general income. We expect that councils will hold an extraordinary meeting if required to adopt the relevant IP&R documents before the deadline for special variation applications.

Criterion 5: Productivity improvements and cost containment strategies

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

Councils should present their productivity improvements and cost containment strategies in the context of ongoing efficiency measures and indicate if the estimated financial impact of the ongoing efficiency measures have been incorporated in the council's Long-Term Financial Plan.

Criterion 6: Any other matter that IPART considers relevant

Any other matter that IPART considers relevant.

The criteria for all types of special variation are the same. However, the magnitude or extent of evidence required for assessment of the criteria is a matter for IPART.

^c The relevant documents are the Community Strategic Plan, Delivery Program, and Long-Term Financial Plan and where applicable, Asset Management Plan. Of these, the Community Strategic Plan and Delivery Program require (if amended), public exhibition for 28 days. It would also be expected that the Long-Term Financial Plan (General Fund) be posted on the council's web site.

Appendix B 

Projected revenue, expenses
and operating balance

B

As a condition of IPART's approval, the council is to report until 2031-32 its proposed SV expenditure and projected revenue, expenses and operating balance as set out in its Long-Term Financial Plan (see Table B.1 and Table B.2). It also needs to report on its progress against future productivity improvements and cost containment strategies that it set out in its application and as summarised below.

Revenues and operating results in the annual accounts are reported both inclusive and exclusive of capital grants and contributions. To isolate ongoing trends in operating revenues and expenses, our analysis of the council's operating account in the body of this report excludes capital grants and contributions.

Productivity improvements and cost containment strategies

Our analysis of the council's future productivity and cost containment can be found in Chapter 8 of this report.

As set out in the council's response in section 7.3(a) of its SV application Part B, its upcoming initiatives included:

- a targeted service improvement review program
 - service reviews of tree management and stormwater renewal and maintenance, to commence in the first half of 2026²²¹
 - participating in the LG Professional Service Reviews in a Box program, with the library program running until April 2026 and other programs such as roads, workforce management, aquatic centres and community facilities scheduled for 2026-28²²²
- technology adoption
 - currently progressing a major transition to a new Employee Self Service platform that will reduce administrative burden on staff²²³
 - implementing a new centralised system for management of WHS, enterprise risk management and public liability claims²²⁴
 - upgrading the council's property and rating and request management systems²²⁵
 - new online rate payment platform (Payble) to modernise payment methods and reduce costs associated with manual processing²²⁶
- asset and resource management
 - phased integration of electric and low-emission vehicles into the council's fleet²²⁷
- procurement and contract management
 - preparing to tender for building services (cleaning, security, fire, pest control and air conditioning) to achieve further efficiencies through competitive pricing.²²⁸

Table B.1 Long-Term Financial Plan – Summary of projected operating statement for Ku-ring-gai Council under its proposed SV application (\$'000)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Total revenue	203,981	212,811	239,040	237,925	250,527	255,410	256,828	264,381	271,461
Total expenses	170,009	176,823	183,281	189,737	196,478	202,674	209,696	215,382	222,193
Operating result from continuing operations	33,971	35,988	55,759	48,188	54,049	52,735	47,132	48,999	49,268
Net operating result before capital grants and contributions	20,159	18,532	17,743	17,784	18,397	19,163	19,189	20,644	20,987
Cumulative net operating result before capital grants and contributions	20,159	38,691	56,433	74,217	92,614	111,777	130,967	151,611	172,598

Note: Numbers may not add due to rounding.

Source: Ku-ring-gai Council, [Application Part A](#), Worksheet 10 and IPART calculations.

Table B.2 Proposed program – summary of projected expenditure plan for Ku-ring-gai Council under its proposed SV application (\$'000)

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Capital Expenditure (Asset Renewals)									
Council Buildings	6,700	6,896	7,102	7,315	7,533	7,757	7,910	8,101	8,299
Parks & Recreation	1,900	1,976	2,064	2,156	2,250	2,348	4,144	4,262	4,384
Footpaths	940	992	1,057	1,124	1,193	1,266	1,262	1,295	1,329
Stormwater	5,900	6,076	6,263	6,455	6,652	6,856	6,986	7,156	7,331
Capital Expenditure (New Assets)									
Footpaths	2,100	2,153	2,204	2,257	2,311	2,367	2,424	2,482	2,541
Traffic Facilities - Upgrades	1,700	1,743	1,784	1,827	1,871	1,916	1,962	2,009	2,057
Other Uses									
Repayment of loan for St Ives Indoor Sports Courts	1,460	1,460	1,460	1,460	1,460	1,460	-	-	-

Note: Numbers may not add due to rounding.

Source: Ku-ring-gai Council, [Application Part A](#), Worksheet 8 and IPART calculations.

Appendix C 

Results of IPART's public
consultation feedback form



As part of our stakeholder engagement, we published a survey-style feedback form that asked respondents 15 questions relating to:

- support or opposition to the council's SV application
- views on the affordability of the proposed SV
- awareness of the proposed SV
- views on the council's past and proposed cost management strategies.

We accepted responses for 3 weeks from 17 February 2026 to 9 March 2026.

We received 36 responses on Ku-ring-gai Council's SV application.

A summary of the results is also available in Chapter 3. This appendix provides the results for questions about affordability, awareness of the SV, and council's past and proposed cost management strategies. It also provides the breakdown of the categories of ratepayers that responded.

We note that while this was a survey-style feedback form, it was not a statistically representative survey. Respondents were able to self-select to provide feedback and the results may not be representative of the whole community's views.

Table C.1 Responses to reasons that oppose the proposed rate increase

Reasons for opposing the proposed rate increase	Number of responses	Percentage of responses
Cost of living pressures are too high to afford a rate increase	26	81%
The council has not been effectively managing its budget	21	66%
The council is not effectively managing its infrastructure	18	56%
I disagree with the purpose of the proposed rate increase	20	63%
I disagree with the size of the proposed rate increase	30	94%
I disagree with the proposed rates structure	13	41%
I have other concerns that are not listed here	7	22%
I have no concerns with the proposed rate increase	0	0%

Note: The total number of responses for each question was 32. The reasons were provided by IPART. The respondents were able to select multiple answers and were not required to respond to this question.

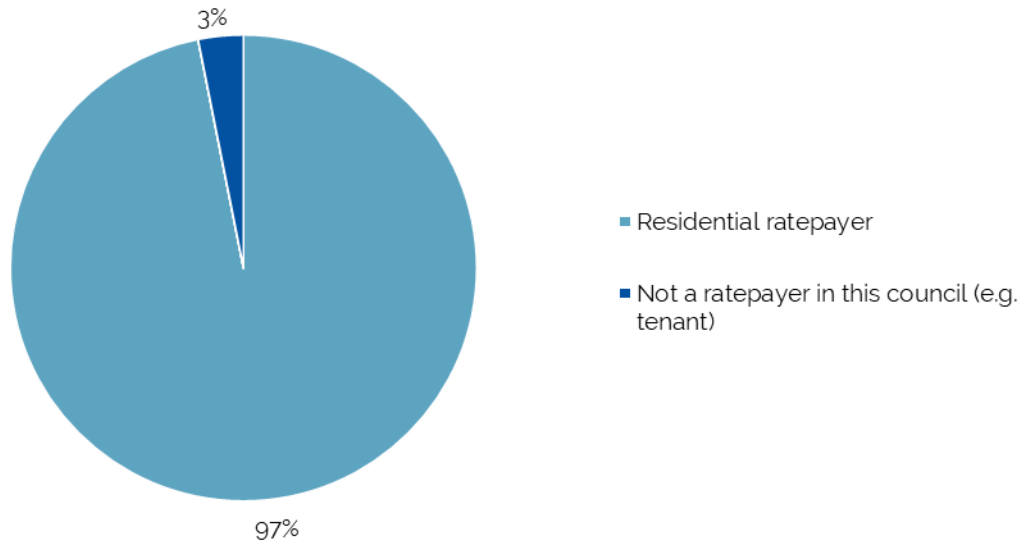
Source: IPART.

Table C.2 Responses to reasons that support the proposed rate increase

Reasons for supporting the proposed rate increase	Number of responses	Percentage of responses
Current infrastructure needs to be fixed or upgraded with increased funding	6	19%
Current services are inadequate and need more funding	1	3%
I recognize that the council has financial sustainability issues which the funding will help address	3	10%
I agree with the purpose of the special variation	0	0%
I agree with the proposed rates structure	0	0%
I have other reasons for supporting the proposal not listed here	3	10%
I have no reasons to support the proposed rate increase	22	71%

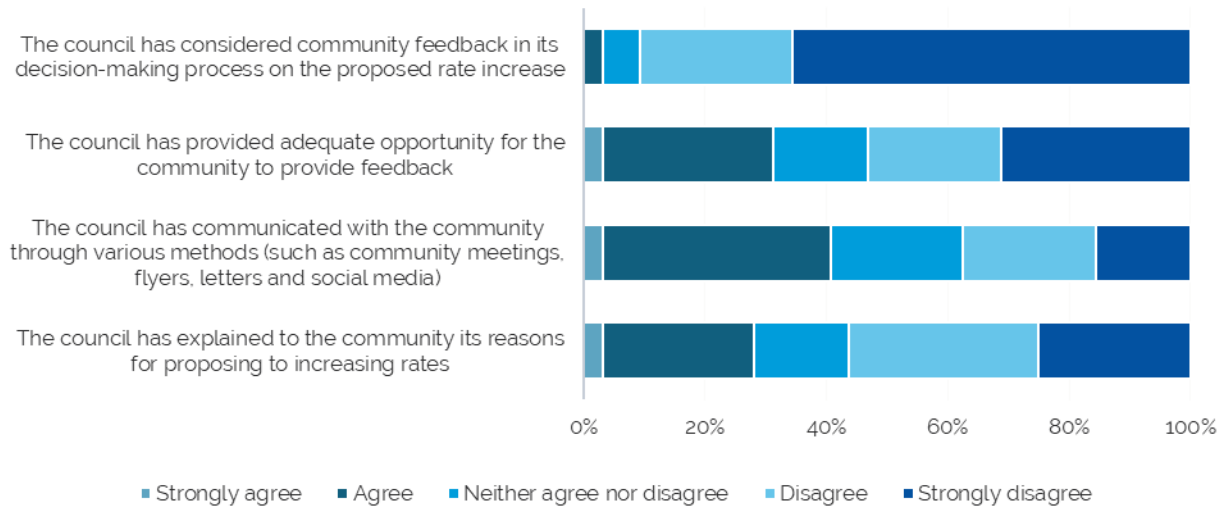
Note: The total number of responses for each question was 31. The reasons were provided by IPART. The respondents were able to select multiple answers and were not required to respond to this question.
Source: IPART.

Figure C.1 Respondent ratepayer types



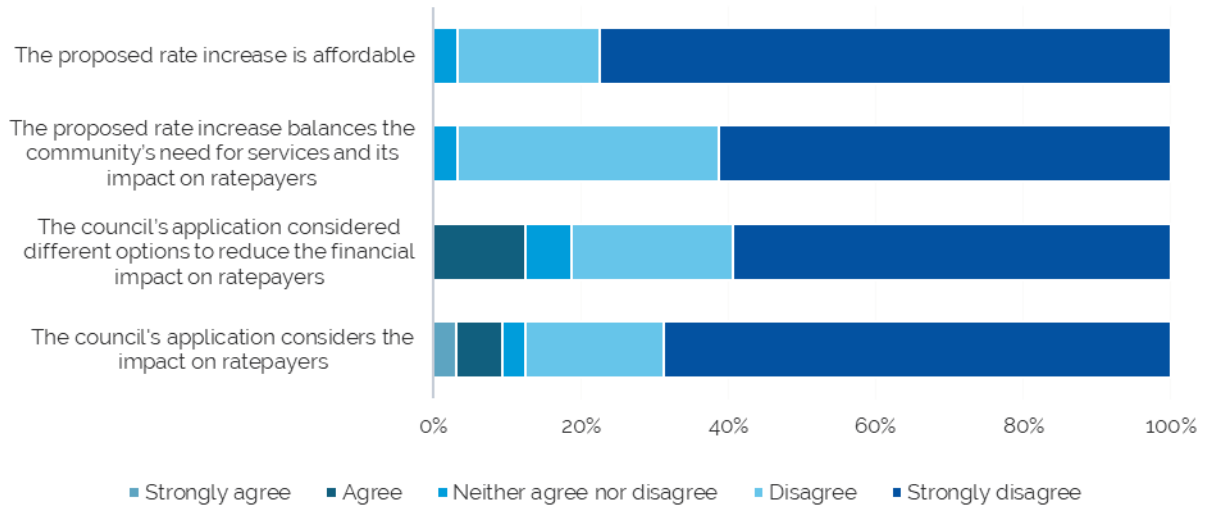
Note: The total number of responses for each question was 32. The numbers in the chart show the number of respondents that selected that response.
Source: IPART.

Figure C.2 Responses to questions about awareness and understanding of the proposal



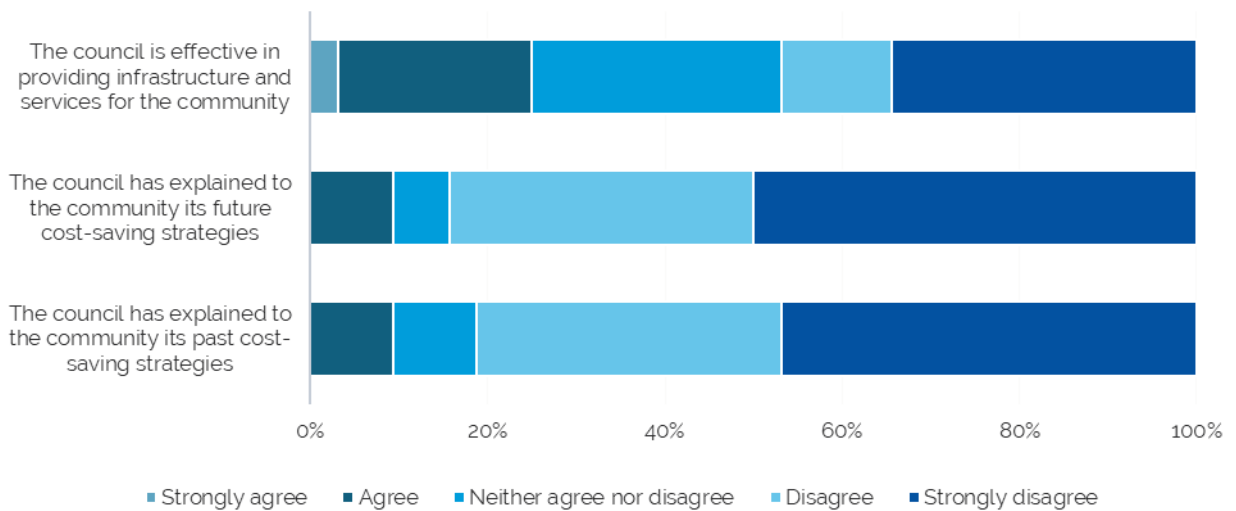
Note: The total number of responses for each question was 32. The numbers in the chart show the number of respondents that selected that response.
Source: IPART.

Figure C.3 Responses to questions about affordability



Note: The total number of responses for each question was 32. The numbers in the chart show the number of respondents that selected that response.
Source: IPART.

Figure C.4 Responses to questions about the council's cost-saving strategies



Note: The total number of responses for each question was 32. The numbers in the chart show the number of respondents that selected that response.
Source: IPART.

Appendix D 

Glossary



D

Term	Meaning
ABS	Australian Bureau of Statistics
ASV	Additional Special Variation. This was a one-off round of special variations of up to 2.5% available to councils in 2022-23 in response to a rate peg that was lower than councils expected in a high inflation environment. Applications were assessed against a special set of criteria developed by the OLG.
Baseline scenario	Shows the impact on the council's operating and infrastructure assets' performance without the proposed SV revenue and expenditure.
Baseline with SV expenditure scenario	Includes the council's full expenses from its proposed SV, without the additional revenue from the proposed SV. This scenario is a guide to the council's financial sustainability if it still went ahead with its full expenditure program included in its application, but could only increase general income by the rate peg percentage.
General income	Income from ordinary rates, special rates and annual charges, other than income from other sources such as special rates and charges for water supply services, sewerage services, waste management services, annual charges for stormwater management services, and annual charges for coastal protection services.
IPART	The Independent Pricing and Regulatory Tribunal of NSW
IP&R	Integrated Planning & Reporting
Local Government Act	<i>Local Government Act 1993</i> (NSW)
LTFP	Long-Term Financial Plan
MR	Minimum rates are the minimum amount of an ordinary rate that a council may levy. This must not exceed the statutory maximum set out in section 548(3)(a) of the Local Government Act, unless IPART (under delegation from the Minister) has approved a higher amount.
OLG	The Office of Local Government
OLG SV Guidelines	Guidelines for the preparation of an application for a special variation to general income.
OPR	The Operating Performance Ratio (OPR) measures whether a council's income will fund its costs, where expenses and revenue are exclusive of capital grants and contributions, and net of gains/losses on the sale of assets.
PGI	Permissible General Income is the notional general income of a council for the previous year as varied by the percentage (if any) applicable to the council. A council must make rates and charges for a year so as to produce general income of an amount that is lower than the PGI.
Proposed SV scenario	Includes the council's proposed SV revenue and expenditure.
Rate peg	The term 'rate peg' refers to the annual order published by IPART (under delegation from the Minister) in the gazette under s 506 of the <i>Local Government Act 1993</i> .
SEIFA	Socio-Economic Indexes for Areas (SEIFA) is a product developed by the ABS that ranks areas in Australia according to relative socio-economic advantage and disadvantage. The indexes are based on information from the five-yearly Census. It consists of four indexes, the Index of Relative Socio-economic Disadvantage (IRSD), the Index of Relative Socio-economic Advantage and Disadvantage (IRSAD), the Index of Economic Resources (IER), and the Index of Education and Occupation (IEO).
SV or SRV	Special Variation is the percentage by which a council's general income for a specified year may be varied as determined by IPART under delegation from the Minister.

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 - ⁴ Ku-ring-gai Council, [Application Part A](#), February 2026, WS9 - Financials, row 46.
 - ⁵ Ku-ring-gai Council, [Application Part B](#), February 2026, p 49.
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 - ⁷ Ku-ring-gai Council, [Application Part B](#), February 2026, p 49.
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 - ³³ Ku-ring-gai Council, [Application Part A](#), February 2026, WS10 - LTFP, row 108.
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 - ⁵⁴ Ku-ring-gai Council, [Application Part B](#), February 2026, p 12.
 - ⁵⁵ Ku-ring-gai Council, [Application Part B](#), February 2026, p 30.
 - ⁵⁶ Ku-ring-gai Council, [Long-Term Financial Plan 2025-35](#), December 2025, pp 23, 28, 57.
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- ¹²⁴ Ku-ring-gai Council, [Application Part B](#), February 2026, p 32.
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