Author name: Name suppressed

Date of submission: Sunday, 23 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The Harrison-Bennett Precinct is a local community group operating under the auspices of North Sydney Council that focuses on matters of importance for the North Sydney community. Our precincts geographic scope covers significant portions of Cremorne south of Military Road. At our meeting on 6 March 2025, Precinct members (comprised wholly of residents) analysed and discussed North Sydney Councils proposed Special Rate Variation and Minimum Rate Increase Proposals (collectively referred to in this submission as the SRV proposal). Precinct members concluded that: The SRV proposal is not adequately justified and does not fully satisfy the IPART assessment criteria; If approved, the 87% rate rise will impose a significant financial burden on ratepayers of North Sydney LGA, that will continue to escalate into the future; and It would be unreasonable for current and future ratepayers to be burdened with costs that are unjustified and unnecessary. Members voted unanimously for the Precinct to lodge a submission objecting to the SRV proposal. The reasons for the Precincts our position are provided by attachment, with section A to D addressing IPART assessment criteria.

Harrison-Bennett Precinct Submission:
North Sydney Council's Special Rate Variation Proposal

Introduction

The Harrison-Bennett Precinct is a local community group operating under the auspices of North Sydney Council that focuses on matters of importance for the North Sydney community. Our precinct's geographic scope covers significant portions of Cremorne south of Military Road. At our meeting on 6 March 2025, members analysed and discussed North Sydney Council's proposed Special Rate Variation and Minimum Rate Increase Proposals (collectively referred to in this submission as the "*SRV proposal*").

Precinct members concluded that:

- The SRV proposal is not adequately justified and does not fully satisfy the IPART assessment criteria;
- If approved, the 87% rate rise will impose a significant financial burden on ratepayers of North Sydney LGA, that will continue to escalate into the future; and
- It would be unreasonable for current and future ratepayers to be burdened with costs that are unjustified and unnecessary.

Members voted unanimously for the Precinct to lodge a submission objecting to the SRV proposal.

The reasons for the Precinct's position are provided below, with section A to D addressing IPART assessment criteria.

A. Council must demonstrate the need for additional income (Criteria 1)

It is our opinion that Criteria 1 has not been adequately satisfied, as discussed below.

i) Infrastructure Backlog inflated by a methodology change ($146 million)

North Sydney Council cites a $146 million infrastructure backlog as a key justification for the SRV. However, $100 million of this figure results not from a deterioration in asset condition, but from a change in methodology for calculating the "*estimated cost to bring assets to a satisfactory standard*" (otherwise known as the "infrastructure backlog"). Specifically, for FY24, North Sydney Council calculated this figure as the Gross Replacement Cost of assets in Categories 4 and 5.[1] Prior to FY24, North Sydney Council calculated this as the Gross Replacement Cost of assets in Category 5 only.

This methodology change was not disclosed in North Sydney Council's FY24 Financial Statements, nor in any of its documents that were exhibited during the SRV community consultation process. If the previous methodology were applied, the infrastructure backlog figure would be $46 million.

Transparency is essential to ensuring financial reporting integrity. Methodology changes – especially those with a significant dollar impact on the outcomes being reported - should always be transparently disclosed.

This issue was first brought to public light in January 2025, by [redacted] an independent accounting expert, who released a video explaining the issue. [redacted] also concluded that North Sydney Council's methodology is inconsistent with other councils and significantly inflates the backlog figure. [redacted] video can be accessed here: [redacted] analysis (You-Tube video).

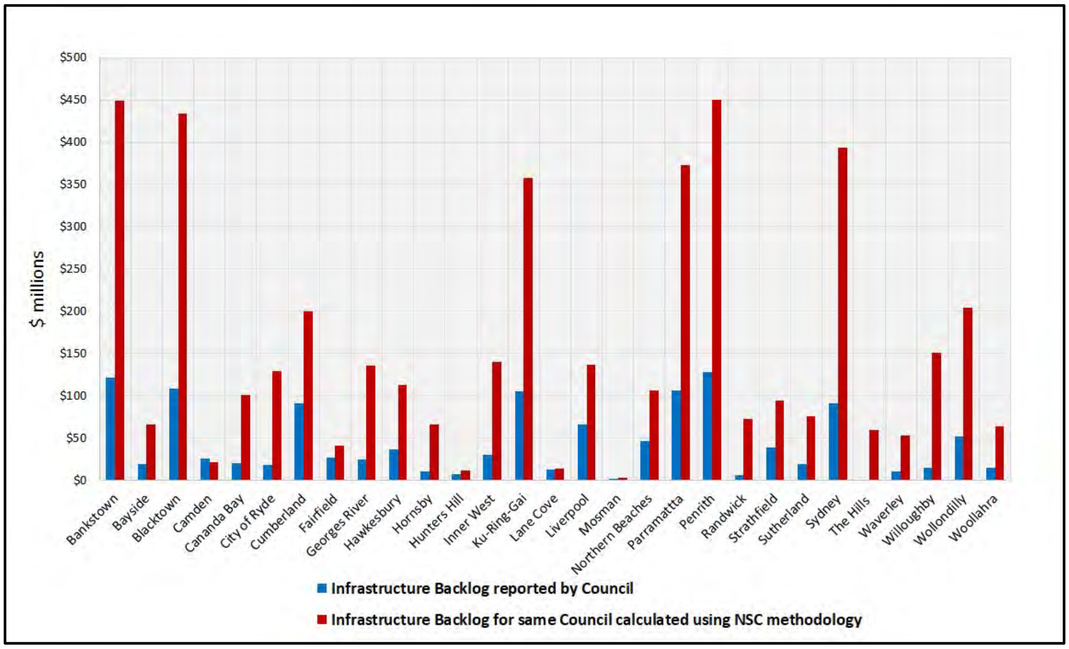
[1] Councils are required to categorise each asset they own based on the Council's assessment of the asset's condition, assigning it one of the following ratings: Category 1 (Very Good), 2 (Good), 3 (Satisfactory), 4 (Poor) or 5 (Very Poor).

A local resident has also undertaken analysis of 29 other councils in NSW, to evaluate how North Sydney Council's approach compares to other councils, based on publicly available data reported by those Councils in their Report on Infrastructure Assets in their FY24 Financial Statements.

Figure 1 shows, for each Council:

- The *estimated cost to bring assets to a satisfactory standard* for FY24 as reported by each Council in their FY24 Financial Statements, used in the derivation of each Council's reported infrastructure backlog ratio; compared to
- The *estimated cost to bring assets to a satisfactory standard* for each Council, calculated using North Sydney Council's methodology (being the Gross Replacement Cost of assets in Categories 4 and 5 – also reported by each of those Councils).

Figure 1: Comparison of "estimated cost to bring assets to a satisfactory standard": Council reported figure vs North Sydney Council methodology



The analysis demonstrates the following –

- None of the Councils surveyed use the same methodology as North Sydney.
- North Sydney Council's methodology, on average, inflates the *estimated cost to bring assets to a satisfactory standard*, or the infrastructure backlog, by 3.6 times.
- If the 29 Councils analysed were to adopt North Sydney Council's methodology, their combined infrastructure backlog would increase by $3.3 billion.[2] If North Sydney Council's approach is endorsed, this could set a precedent for other Councils to use North Sydney Council's methodology to justify SRVs that have the potential to result in an **additional cost of $3.3 billion** on those ratepayers.

The need for $100 million out of $146 million of SRV funding has not been adequately demonstrated.

[2] The sum of the *estimated cost to bring assets to a satisfactory standard*, across the 29 Councils surveyed and as reported by those Councils in their FY24 Financial Statements, is $1.2 billion. Calculated using North Sydney Council's methodology (using the Gross Replacement Cost of assets in Categories 4 and 5, as reported by those Councils in their FY24 Financial Statements), this sum is $4.5 billion. The difference is $3.3 billion.

ii) **Accumulation of $97 million of Unrestricted Reserves not transparently disclosed or adequately justified**

Analysis of the information provided by North Sydney Council to IPART has shown that $81 million of SRV revenue raised over 10 years, will increase North Sydney Council's unrestricted reserves to $97 million by FY35.[3]

These details were not included in North Sydney Council's SRV documents exhibited for community consultation, such as the Long-Term Financial Plan, SRV Factsheet and Community Presentations.[4]

The accumulation of $97 million of unrestricted reserves, funded by $81 million from SRV revenue over 10 years, is discernible only from the information recently provided by North Sydney Council to IPART in its Application Part A, Worksheets 8 and 10.

Based on North Sydney Council's Annual Financial Statements since 2015, the Council's unrestricted reserves, on an annual basis, have ranged between $4.5 million and $13 million. $97 million is significantly higher than the levels maintained historically.

$97 million is also much higher than the unrestricted reserves reported by other Councils in their FY24 Financial Statements (e.g. Willoughby: $18.2 million, Mosman: $6.7 million, Lane Cove: $3.7 million, Waverley: $11.8 million, Hornsby: $23 million, Ku-Ring-Gai: $5.1 million, Woollahra: $7.4m, Hunters Hill $2 million).[5]

The Precinct does not understand why North Sydney Council requires $97 million of unrestricted reserves, given that this is the amount remaining after accounting for all expected expenditures, including but not limited to; employee benefits and on-costs, materials and contracts (which include the cost of projects under the Informing Strategies), borrowing costs, externally restricted reserves, and internally restricted reserves (that account for employees leave entitlements, deposits, retentions and bonds).

If North Sydney Council spends less than projected in any year (i.e. less than as forecast in its Application Part A submitted to IPART), reserves will increase even further.

The Precinct does not have an issue with a council maintaining some level of unrestricted reserves (for example, in the range of $10 to 20 million would seem more reasonable). However the Precinct is concerned about the risks associated with allowing a level of unrestricted reserves accumulation that is excessive, that would have the potential to diminish transparency and accountability. Excessive reserves can shield poor financial decisions or cost-blow outs from public scrutiny, or enable expenditures that could be politically motivated, or that bypass prudent procurement or tender policies. Such outcomes would not be in the best interests of the community.

The use of SRV funding to build up $97 million of unrestricted reserves by FY35 was not transparently disclosed by North Sydney Council to the community. Since this was not disclosed, the need for such funding has also not been demonstrated, failing Criteria 1.

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[3] North Sydney Council's Application to IPART - Part A (Excel Spreadsheet), Worksheets 8 and 10, available on IPART's website. https://www.ipart.nsw.gov.au/documents/document/north-sydney-council-application-part-0

[4] Long Term Financial Plan is available on IPART's website: https://www.ipart.nsw.gov.au/documents/document/north-sydney-council-attachment-other-attachment-attachment-1-long-term-financial-plan-2025-2035, SRV Factsheet and Community Presentations are available in the document entitled, Community Engagement Materials, available on IPART's website: https://www.ipart.nsw.gov.au/documents/document/north-sydney-council-attachment-community-engagement-materials-community-engagement-material (see pages 8-13 and 28-46 respectively)

[5] Based on unrestricted reserves reported respectively by each Council in their FY2024 financial statements, section C1-3.

iii) Informing Strategies do not have adequate community support ($167 million over 10 years)

"Informing Strategies" include new projects costing $167 million over 10 years. This is represented in North Sydney Council's Application Part A Worksheet 8, as $69 million allocated to "*Informing Strategies*" and $98 million allocated to "*Informing Strategies – Infrastructure*".

During North Sydney Council's SRV community consultation (Nov 2024 – Jan 2025), 792 survey responses were received, with approximately 80% opposing funding these new projects.[6] 245 written submissions were also sent to the Council, demonstrating community concern over non-essential spending.[7]

However, in North Sydney Council's application to IPART, the new projects are presented as reflecting community priorities. North Sydney Council bases this on the following –

- Feedback from an earlier May–June 2024 consultation on the Informing Strategies. However, this earlier consultation did not inform the community of their $167 million cost or the need for an SRV to pay for them.
- Feedback from an SRV workshop comprising 42 individuals. However, there are issues of selection bias because this group was selected from the same pool of individuals who developed the Informing Strategies in the May to June 2024 process.[8] Further, 42 people is not considered to be a robust sample size given North Sydney's adult population of over 60,000.

Rather than increasing spending on new projects, it would seem more prudent if North Sydney Council were to instead work with the community to prioritise projects, keeping within existing budget constraints.

Based on the points above, it cannot be concluded that the new projects under the Informing Strategies truly represent community priorities or need. Therefore, it is the Precinct's contention that North Sydney Council has not adequately proven that there is a need for $167 million to fund these new projects.

B. Evidence that the community is aware of the need and extent of the rate rise (Criteria 2)

As demonstrated by the examples provided below, opacity in some of the information released by North Sydney Council during the SRV community consultation process, has inhibited the ability of the community to be fully aware of how the SRV funds are being allocated, hence limiting the ability of the community to have a complete understanding of the need for the SRV. Consequently Criteria 3 has not been adequately satisfied.

While there is a general mention in some North Sydney Council documents of an intention to strengthen reserves, no document released during the SRV community consultation, including the Long-Term Financial Plan, provided clarity of the specific amount being raised by the SRV for unrestricted reserves.

For example, in the Long-Term Financial Plan, the Cashflow statements for the SRV scenarios do not include any rows of data for "Internally Restricted Reserves" or "Unrestricted Reserves". While there is a row for "Purchases of Investment Securities" (which is an input into Unrestricted Reserves), there are no entries in this row. This implies, misleadingly, that these values are zero. All of this has the

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[6] Community Engagement Outcomes Report (Jan 25), Morisson Low, page 18. https://www.ipart.nsw.gov.au/documents/document/north-sydney-council-attachment-other-attachment-attachment-3-community-engagement-outcomes-report

[7] Item 10.3, Attachment 10.3.7 SRV Verbatim Submissions and Responses, Council Meeting 10 February 2025, https://www.northsydney.nsw.gov.au/council-meetings/271/10-02-2025-council-meeting.

[8] Community Engagement Outcomes Report (Jan 25), Morisson Low, page 20. Refer to footnote 6 for link.

effect of impairing the ability of the community to see and understand the true allocation of SRV funds to Unrestricted Reserves.

This use of SRV funding to accumulate $97 million of unrestricted reserves is only able to be understood in North Sydney Council's Application Part A (excel spreadsheet), as provided by the Council to IPART (but which was not made available to the community prior to this). Cashflow statements in Worksheet 10, include entries for Internally Restricted Reserves and Unrestricted Reserves, and show an annual spend of Purchases of Investment Securities (amounting to $210 million over the 10 year period), which are directly related to the accumulation of Unrestricted Reserves.

Another example of lack of transparency that has impeded the community's understanding of the rationale behind the SRV, is the failure by North Sydney Council to disclose the change in methodology used to calculate the Infrastructure Backlog (as discussed in section A(i) of this submission), despite this change significantly increasing the reported infrastructure backlog figure, worsening the Infrastructure Backlog Ratio and creating the perception of a need for $100 million additional funding.

The omission of key information in important North Sydney Council documents during the SRV community consultation process has impaired the ability of the community to be fully aware of, and understand, the need for the SRV. Criteria 2 is therefore not satisfied.

C. Establish that the impact on ratepayers is reasonable (Criteria 3)

North Sydney Council's consultants, Morrison Low, have prepared a Capacity to Pay Report.[9] This report concludes that North Sydney residents are "advantaged" and have the capacity to pay. However, the Morrison Low analysis is deficient in two major respects.

i) Capacity to Pay conclusions rely on outdated 2021 ABS census data

Morrison Low's conclusions around affordability are based on the ABS census 2021 data.

For instance, Morrison Low finds that 18% of households spend more than 30% of their income on mortgage repayments, and 27% of renters pay more than 30% of their income on rent[10], and uses these statistics to argue that there are low levels of mortgage and rental stress in the LGA. However, these statistics are based on ABS 2021 data. Given material changes in the economy since 2021, Morrison Low's conclusions are likely to significantly understate the level of rent and mortgage stress today.

2021 was the year of the Covid-19 Pandemic which triggered a significant slow-down of the economy. It is a year when interest rates and inflation were at historic lows. Economic conditions have changed significantly since then. Since January 2021 the Reserve Bank cash rate has increased by 400 basis points (from 0.1% as at 4 January 2021 to 4.1% as at 28 February 2025)[11], increasing home lending interest rates and significantly worsening mortgage and rental stress.

- **Figure 2** shows the significant increase in lending interest rates since 2021 (sourced from the RBA)– which have pushed up mortgage repayments.
- **Figure 3** shows weekly rents for Sydney, published by SQM Research. It can be clearly seen that there has been a steep increase in rents, since 2021.

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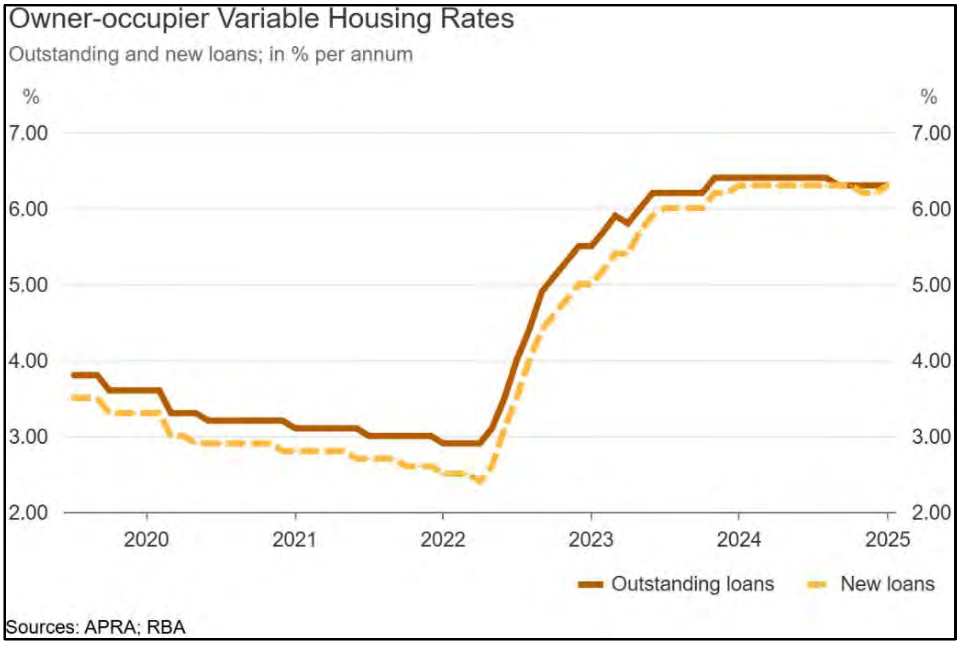
[9] Capacity to Pay Report by Morrison Low, available on IPART website as "Attachment 7": https://www.ipart.nsw.gov.au/documents/document/north-sydney-council-attachment-other-attachment-attachment-7-capacity-pay-analysis

[10] Refer to footnote 9 for source document, Tables 11 and 12 (pages 17-18).

[11] Source: Reserve Bank of Australia, Interest rates and yields – Money Market – Daily – F1, series ID FIRMMCRTD.

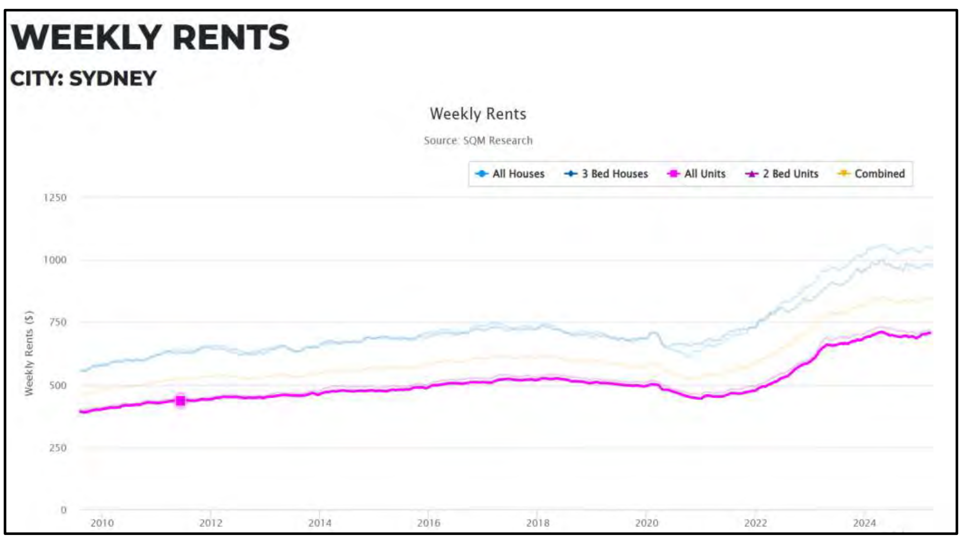
- **Figure 4** shows the significant increase in CPI since 2021 (sourced from the ABS), which has pushed up the cost of living.

Figure 2: Owner-Occupier Variable Housing Rates – significant increase since 2021



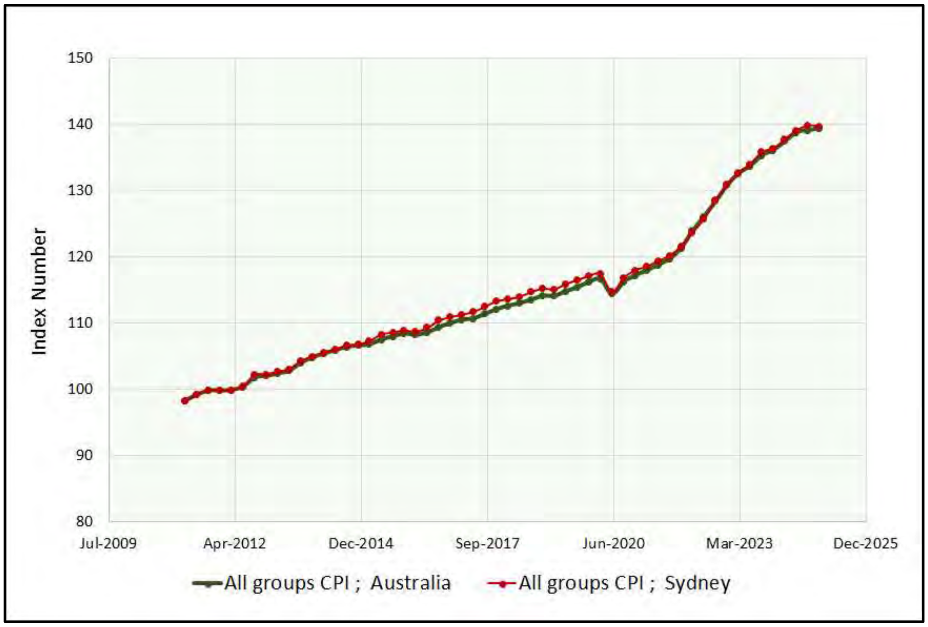
Source: https://www.rba.gov.au/statistics/interest-rates/

Figure 3: Increase in rents (Sydney)



Source: https://sqmresearch.com.au/weekly-rents.php?region=nsw-Sydney&type=c&t=1

Figure 4: All Groups CPI, Australia and Sydney – significant increase since 2021



Source: Australian Bureau of Statistics, Series ID A2325846C and A2325806K

These material changes in economic conditions have been disregarded in the Morrison Low analysis. As Morrison Low's conclusions are based on 2021 economic conditions, that are materially different from current economic conditions, Morrison Low's capacity to pay conclusions cannot be relied on.

ii) Omission of SEIFA Index of Economic Resources

Morrison Low concludes that North Sydney ratepayers have the capacity to pay citing the SEIFA Index published by the Australian Bureau of Statistics (ABS).

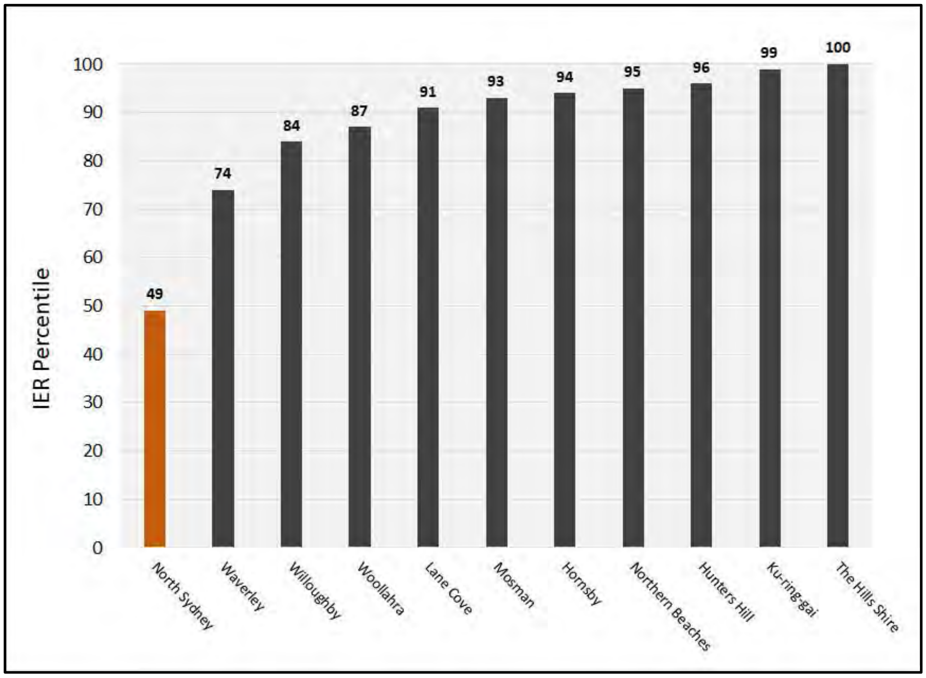
However, Morrison Low has only presented scores from two SEIFA indexes, and disregarded the **Index of Economic Resources (IER). This index is an indicator of relative access to economic resources, which is strongly relevant to a capacity to pay assessment.**

The IER places North Sydney below the state median (49th percentile).[12] This percentile signals that there is **significant socio-economic diversity within North Sydney LGA**. It must be recognised that while there exist some wealthy residents, there are also financially vulnerable members of the community, including renters and homeowners experiencing rental and mortgage stress, single parents, individuals who live alone, and those on fixed incomes (e.g. pensioners), and others.

The IER also shows that North Sydney ranks materially below other comparable LGA's in NSW. This is shown below in Figure 5.

[12] Data set available on ABS website: https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia/latest-release#index-of-economic-resources-ier-

Figure 5 – SEIFA Index of Economic Resources - North Sydney's percentile sits significantly below other LGAs



Source: Australian Bureau of Statistics, Dataset "Local Government Areas, Indexes, SEIFA", available on ABS website

Due to the significant omissions in the Morrison Low analysis as outlined above, Criteria 3 is not satisfied – it has not been demonstrated that the impacts on ratepayers or the community is reasonable.

D. Criteria 4 - Cost containment/productivity

North Sydney Council does not appear to have made adequate efforts to contain its costs or consider any substantive revenue raising strategies.

i) Employee costs

The cashflow statements provided in Worksheet 10 in North Sydney Council's Application A provided to IPART, show that annual "employee benefits and on-costs" are forecast to increase by 63% from $54 million (FY25) to $89 million (FY35). A major driver of this cost increase is a 12.3% increase in FY26, that North Sydney Council explains in a note (in Worksheet 10), as the cost of a 10% increase in employee numbers related to the North Sydney Olympic Pool. Based on the 367 staff that North Sydney Council reports as having in its 2024 Annual Report, 10% increase is equivalent to 37 new staff at a cost of $190,000 per additional employee. This does not seem to reflect an effort to contain costs.

ii) Inadequate exploration of alternative revenue raising methods

No asset sales are put forward to reduce the extent of the SRV. While North Sydney Council mentions a possible $5 million asset sale in its IPART application, this is not a commitment and has been excluded from its revenue projections. Given the magnitude of the rate rise sought, asset sales should be explored as part of a comprehensive financial strategy rather than placing the entire burden onto rate payers.

There are also no other material revenue raising proposals put forward (e.g. through partnerships with the private sector or State Government agencies, or through new user-pay charges for certain services).

iii) Spending on new projects (Informing Strategies)

North Sydney Council's proposal to spend $167 million of SRV funds on new projects, despite nearly 80% of survey respondents opposing this spending during the SRV community consultation, does not reflect an approach of cost-containment. The lack of any alternative proposal to manage costs of projects within a budget (such as through project shortlisting or prioritisation), further reinforces this.

iv) No option to limit rate rise by service adjustments or expenditure reduction

There are no options proposed by North Sydney Council to mitigate the rate rise by cutting expenditure or adjusting services.

Inadequate consideration has been given to constraining costs or raising revenue by other methods, and therefore Criteria 4 has not been satisfied.

E. Other issues

There are some other issues that the Precinct wishes to bring to IPART's attention.

i) Flawed community Consultation process

When North Sydney Council's SRV survey period commenced on 27 November 2024 it required residents to choose their preferred rate increase from a list (starting at 68%). However, following complaints from residents about forced choice, the survey format was altered on to remove the forced choice option.[13] Our records show that this change was made only on 17 December 2024 (21 days after the public feedback period commenced). This means that for 21 days, survey responses may have been skewed.

The forced-choice format may have also discouraged participation, as individuals who initially attempted to complete the survey may have abandoned it midway after realizing they could not express opposition to all proposed rate increases. Without the option to reject the available choices, some respondents may have chosen not to submit their feedback at all, potentially reducing the overall response rate. As a result, the level of opposition to the SRV may have been underrepresented.

ii) Information discrepancies

A record of the participation of 30 public forum attendees at the North Sydney Council meeting on 10 February 2025, was deleted in the version of the Council meeting minutes sent by North Sydney Council to IPART.

This is evidenced by the official Council Meeting Minutes available on the North Sydney Council website, which includes details of 30 Public Forum Speakers who mostly spoke against the rate rise, 3 speakers who spoke against the Informing Strategies, and 1 speaker who spoke against the Asset Management Strategy.

The Minutes provided by North Sydney Council to IPART (and uploaded to IPART's website) is an amended version that has removed reference to the speakers in the public forum.

The minutes can be sourced via these links:

- Meeting Minutes - as submitted by NSC to IPART
- NSC Official Meeting Minutes - from NSC website

[13] Response to "Why is there not a 'No rate rise' Option?" on North Sydney Council website, https://yoursay.northsydney.nsw.gov.au/srv/widgets/451997/faqs#117834,

Alteration of the official record, diminishes transparency and prevents IPART from have a true picture of the level of public concern about the SRV at the public forum.

F. Recommendations

Based on our consideration of the information available, the proposed SRV appears excessive, not adequately justified, and fails to reflect the true financial capacity of North Sydney residents. We respectfully recommend that IPART:

1. Substantially reduce or reject the proposed SRV to prevent an unnecessary and unjustified financial burden on ratepayers. For example, SRV funding for the Infrastructure Backlog could be reduced by approximately $100 million, spending on new projects under the Informing Strategies ($167 million) could be removed (with North Sydney Council working with the community to reprioritise current and new projects keeping within the existing budget), and funding for Unrestricted Reserves could be kept within a more reasonable range (for example, $10 million to $20 million). These adjustments would reduce the SRV substantially.

2. Any approved SRV should include conditions ensuring that funds are used strictly for their designated purpose. For example, funds allocated to asset renewal should be required to be spent solely on asset renewal, with North Sydney Council required to provide evidence to IPART confirming compliance with this obligation.

3. Explore the option of a temporary levy to address specific one-off funding shortfalls. For instance, while our submission does not specifically focus on the North Sydney Olympic Pool project, a dedicated, time-limited levy could be introduced to cover the project cost overrun. This approach would prevent such costs from being embedded within the SRV as a permanent, escalating burden on ratepayers. A targeted temporary levy is a more transparent and equitable solution for financing one-off capital expenditures, ensuring that long-term rate increases are not imposed for short-term financial challenges.

Author name: Name suppressed

Date of submission: Monday, 10 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Lavender Bay Precinct believes North Sydney Council (NSC) fails to meet IPARTs conditions for the granting of a Special Rate Variation (SRV) and/or increase in minimum rates. For reasons detailed in this submission, NSCs application for an IPART approved rate increase must be refused. Please see attached Submission. Thank you.

Sketch by renowned late artist Peter Kingston

Lavender Bay Precinct

Submission to IPART

Lavender Bay Precinct believes North Sydney Council (NSC) fails to meet IPART's conditions for the granting of a Special Rate Variation (SRV) and/or increase in minimum rates. For reasons detailed in this submission, NSC's application for an IPART approved rate increase must be refused.

Further information
[redacted]

10 March 2025

EXECUTIVE SUMMARY

We believe North Sydney Council (NSC) fails to meet IPART's conditions for the granting of a Special Rate Variation (SRV) and increase in minimum rates. For reasons detailed in this submission, NSC's application for an IPART approved rate increase must be refused.

Contents

1. FINANCIAL NEED

1.1 Unsustainable financial position

Since 27 November 2024, North Sydney Council (NSC) has advised ratepayers that it is in an unsustainable financial position. NSC says it needs to increase rates by 87.05% to "create financial strength and sustainability to support the essential services, infrastructure maintenance, and community priorities." NSC's Financial Statements and Budget Reviews suggest otherwise.

In 2023/24 NSC budgeted for an operating surplus of $1.6m and achieved a $13.1m surplus.

NSC's December 2024 Quarterly Budget Review[1] reported.

- its cash and investment position was $141m at the end of January, just $3m less than the year before even after a $50 million over-run on the cost of the pool
- its debt was around $60 million, the bulk of which is attributable to the pool and nearly $28 million of which is not due to be completely paid off until 2042.
- an increase in Operating Surplus (including Capital Grants and Contributions): The surplus increased by $0.8 million, reaching $4.2 million.
- proposed adjustments to the latest quarterly budget report result in a net increase of $17.961 million in NSC's forecast cash balances. This is due to the inclusion of a proposed $10 million loan, the deferral of capital works of $5.5 million and a slight improvement to the operating result.

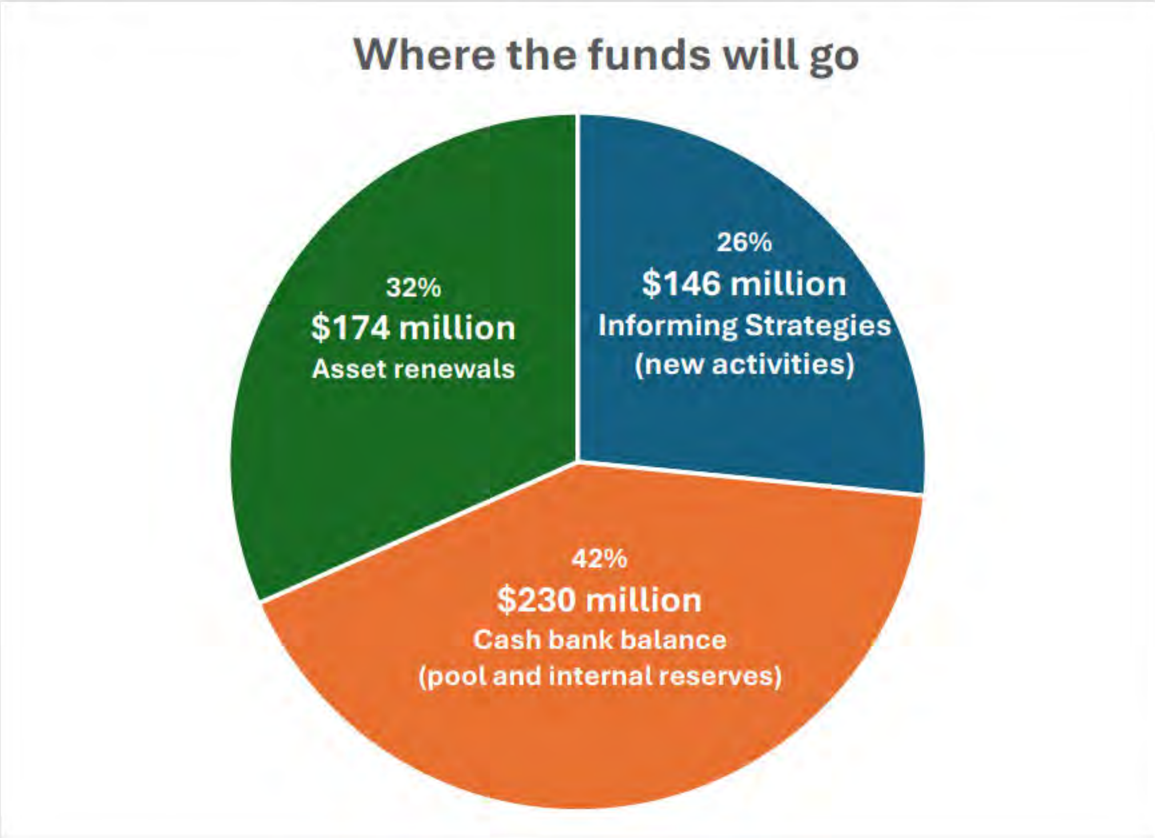
In addition, the Investment and Loan Borrowings Report as of 31 December 2024 and 31 January 2025 reported returns on investments exceeded the January YTD budget by $1,357,000.

NSC expects to have an operating surplus of $6.5m to $8.5m cash p.a. for the next 10 years. Without the SRV and/or change to minimum rates, NSC will add $67m to its cash position. If this is the case, there is no justification for an SRV and/or change to minimum rates.

[1] https://www.northsydney.nsw.gov.au/NSC-meetings/272/24-02-2025-NSC-meeting

1.2 Where the funds will go

NSC's proposed Special Rate Variation (SRV) will generate an additional $550 million in 10 years.



NSC plans to spend these funds as follows:

- The SRV will generate an extra $550m over 10 years. In total, NSC will collect $1.3 billion from ratepayers over 10 years.
- Infrastructure renewals and backlog. The assumed infrastructure backlog is $146m, as reported by NSC, although other analysis has uncovered that $100m of this figure stems from a definition change used to represent asset renewal cost (that was not transparently disclosed by NSC in the financial statements that reported the infrastructure backlog). This makes the veracity of the $146m figure questionable. See further discussion in section 1.3 below.
- After allocating the above items, $230m remains available for the pool and other costs. Full pool repayment within 10 years is not assumed because there is a $31m loan extending to 2042 and a portion would be budgeted for without an SRV.

1.3 Change in Service Level methodology - $100 million impact

1.3.1 Undisclosed change in asset renewal cost methodology with $100m impact[2]

A review of NSC's Report on Infrastructure Assets for the year ending 30 June 2024 was conducted by [redacted], an expert in accounting and financial reporting. [redacted] presented his findings in an online video: https://youtu.be/sFTdUSM_GJo.

[redacted] identified that up to $100 million of NSC's reported financial issues arose from a revised definition used to calculate the estimated cost to bring assets to a satisfactory position for FY24, a key input into the Infrastructure Backlog Ratio (an indicator used to justify rate increases). In FY24, NSC calculated this cost as the full renewal cost of both Category 4 and Category 5 assets. In previous years, it was based only on the full renewal cost of Category 5 assets. The revised definition increased the reported cost by approximately $100 million compared to the method used in all prior years up to FY23. Under the previous method, the cost would be $45.68 million rather than the reported $146 million.

This change is not disclosed in NSC's FY24 Report on Infrastructure Assets (included in its financial statements for the year ending 30 June 2024) or in its Long-Term Financial Plan (LTFP). While the FY24 report labels the 2023 and 2022 figures as "Restated" in column headings, it does not explain what was restated or why. The change only becomes apparent when comparing the figures and footnotes in the FY23 Report on Infrastructure Assets (contained in NSC's financial statements for the year ending 30 June 2023) with the corresponding section in the FY24 report.

NSC's failure to disclose this significant change when discussing infrastructure backlogs or presenting the Infrastructure Backlog Ratio is concerning. In financial reporting, any methodological change with a material impact—such as a $100 million shift—should be clearly disclosed and explained.

Failing to disclose this change while using its outputs to justify rate increases undermines good governance and raises ethical concerns. It also denies ratepayers the opportunity to understand the true drivers of the cost increase, eroding transparency and trust.

1.3.2 Significant unexplained increase Category 4 & 5 assets (FY 23 - FY 24)

In NSC's FY23 Report on Infrastructure Assets, only 3.2% of assets in the building's asset class (measured as a percentage of gross replacement cost) were classified as Category 4 and 5. However, in FY24, this proportion increased more than sixfold to 20%. This substantial increase directly impacts the Infrastructure Backlog Ratio, which is being used to justify rate rises. NSC has not provided any explanation for this change.

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[2] Source: NSC - SRV Verbatim Submissions and Responses _ SRV881

1.3.3 The Asset Management Strategy 2025-2035

The Asset Management Strategy 2025–2035, presented to NSC on 10 February 2025, states under Service Demand and Satisfaction (page 31):

"Ultimately, setting service levels should be done in conjunction with the community."

It further notes:

"NSC periodically undertakes a Customer Satisfaction Survey to determine community attitudes towards its services and facilities... The randomly selected representative sample consists of 400 residential and 200 business customers... It is clear from the most recent surveys that the North Sydney community expects the current level of service to be retained and is happy with what is currently being delivered."

Table 13: Customer Satisfaction Survey Results* – Asset Related Services

Service/Function	Category	2023	2023 v 2020 (% difference)
Maintenance of parks, ovals and bushland areas	Residents	95%	4%
Recreation facilities	Residents	84%	2%
Appearance of local village centres	Residents	93%	15%
Look and feel of commercial areas and villages	Businesses	87%	13%
Appearance of public spaces in the North Sydney CBD	Residents	91%	18%
Maintenance of commercial areas	Residents	64%	-9%
Appearance of public spaces in the North Sydney CBD	Businesses	90%	20%
Maintenance of local roads and footpaths	Residents	82%	9%
	Businesses	84%	11%
Pedestrian and cycle paths	Residents	66%	14%
Community centres and facilities	Residents	96%	46%

*Percentage of respondents who are at least somewhat satisfied with the services

The community does not support the revised Asset Management Strategy

The Asset Management Strategy 2025–2035 states that NSC received over 1,000 responses to the Special Rates Variation survey, conducted between 29 November 2024 and 10 January 2025. Of these, 262 responses specifically mentioned the revised Asset Management Strategy. Only 17 respondents (approximately 6.5%) expressed general support for the revisions, meaning 93.5% objected to NSC's changes to asset renewal service levels (see discussion in section 1.3.1).

While NSC's Asset Management Strategy asserts that service levels should be developed in consultation with the community, the survey results indicate that NSC does not have community support for altering asset renewal service levels.

1.3.4 NSC's revised definition is double that of other metropolitan councils

A comparison with other metropolitan councils shows that NSC has adopted a definition that differs significantly from standard practice across Sydney. On average, NSC's estimated cost to bring assets to an agreed level of service is more than twice that of other Sydney metropolitan councils.

1.3.5 Absence of approval and transparency

NSC executives did not seek approval to broaden the definition, nor did they inform the community of the reasons for the significant increase in infrastructure reporting. The change only came to light during the consultation period between 29 November 2024 and 10 January 2025. This lack of transparency has led to a loss of community confidence and trust in NSC's calculations.

1.3.6 NSC did not consider community feedback on 10 February 2025

Despite a lack of community support, NSC approved the Asset Management Strategy 2025–2035, along with the Long-Term Financial Plan and the Special Rate Variation application, at its meeting on 10 February 2025.

Of the 44 registered speakers at the meeting, only two spoke in favour of NSC's proposals, one supported advertising (see section 1.10, User fees and charges), and 25 spoke against the proposals. The remaining registered speakers were evidently unable to attend due to a lack of space in the meeting venue.

The meeting concluded at 11:06 pm on 10 February. NSC uploaded the minutes before midnight on the same day, and its SRV application is also dated 10 February.

The Independent Pricing and Regulatory Tribunal requires that:

"Effective community awareness and engagement provides:

- members of the public with adequate opportunities to consider the proposed SV and/or MR increase/s and provide feedback to the NSC, and
- for the NSC to then consider this feedback."

NSC's actions suggest it had no intention of meaningfully considering community feedback. The meeting appeared perfunctory, reflected in the dismissive attitude of the Mayor and some Councillors toward the speakers and community members who wished to attend but were excluded. Additionally, the minutes uploaded to IPART's website differ from those on NSC's website[3]. The version provided to IPART omits any record of the presence or contributions of public speakers.

1.4 The North Sydney Olympic Pool

1.4.1 Lack of financial awareness

A prudent financial approach and accepted accounting practice distinguishes capital expenditure from recurrent expenditure. Capital expenditure should be financed through grants,

[3] https://www.northsydney.nsw.gov.au/ecm/download/document-11398694

loans, or the sale of non-community assets and repaid through revenue generated from the asset's utilisation.

The North Sydney Olympic Pool (NSOP) is a capital investment. Under standard business practice, its funding should rely on long-term financing or the sale of other capital assets.

Planning to fund a non-recurring expense through recurring revenue—such as a permanent rate rise—demonstrates a lack of financial prudence and does not align with sound financial management principles.

1.4.2 Lack of transparency with pool overruns

In April 2023, following a report by PricewaterhouseCoopers, the Mayor stated in an open letter to the community that current estimates suggested an additional $25–30 million would be required to complete the pool redevelopment, bringing the total cost to between $95.7 million and $105.7 million.

However, a new NSC report now lists the overall cost at $122 million without explaining the additional $30 million increase, raising concerns about transparency in project budgeting.

1.4.3 Governance strategy

In 2024, NSC resolved to develop a comprehensive governance strategy aimed at preventing future financial missteps, such as those experienced during the North Sydney Olympic Pool project[4].

Shane Sullivan, who served as NSC's Executive Governance Manager from July 2021 to September 2023, is a highly regarded governance professional and was a finalist in the 2023 Governance Top 100.

Given her tenure, it is reasonable to expect that NSC had established procedures for managing major capital works. It is implausible that a comprehensive governance strategy was not already in place during her time at the NSC.

In November 2023, Sullivan joined Morrison Low, the consultancy advising NSC on the Special Rate Variation.

It is also noteworthy that in 2020, NSC appointed probity adviser, Prevention Partners NSW, to oversee the tender process for the pool. The Probity Report, dated December 2020, concluded "*this Project was managed with attendance to probity, due diligence and legal compliance*" and "*NSC has effectively reduced its corporate risks and can be confident that any resulting contract was arrived at correctly, legitimately and fairly*".

The current Mayor and a cohort of supporting Councillors assumed office in December 2021, and during their tenure the pool has increased in cost from $63.9M to over $122M.

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[4] LTFP page 6

1.5 Performance Ratios

The 2024 Annual Report indicates two benchmarks ("Operating performance ratio" and "Asset maintenance ratio") were slightly missed. All other benchmarks were met and exceeded. NSC's SRV takes NSC's financial performance ratios well in excess of the Office of Local Government's (OLG) benchmark performance ratios.

		Benchmark	FYE2022	FYE 2023	FYE 2024	LTFP 2025/26, Table 13
1	Operating performance ratio	>0%	3.32%	1.33%	-0.02%	8.27%
2	Own source operating revenue ratio	>60%	80.51%	78.9%	85.36%	93.19%
3	Unrestricted current ratio	>1.5 x	2.71x	2.72x	2.42 x	1.14x
4	Debt service cover ratio	>2	17.38	8.11	7.90	8.17
5	Rates and annual charges outstanding percentage	<5%	2.94%	2.77%	3.74%	
6	Cash expense cover ratio	>3 months	15.39 months	14.28 months	11.84 months	7.84 months
7	Buildings and infrastructure renewals ratio	>100%	150.62%	86.79%	231.72%	82%
8	Asset maintenance ratio	>100%	88.69%	108.32%	98.64%	100%
9	Infrastructure backlog ratio: standard definition	<2%	3.65%	3.10%	4.08%	2.75%
	Infrastructure backlog ratio: changed definition		11.07%	13.19%	13.11%	8.85%
10	Cost to bring assets to agreed service level: standard definition		$33.72M	$31.91M	$45.68 M	
	Cost to bring assets to agreed service level: changed definition				$146 M	$146M

1.5.1 Operating Performance Ratio

This result was just below the benchmark. This can be repaired by better containment of operating expenditure within operating revenue. NSC has not demonstrated cost control.

1.5.2 Own source operating revenue

NSC continues to exceed this benchmark indicating little reliance on external funding sources such as operating grants and contributions.

1.5.3 Unrestricted current ratio

NSC continues to exceed the benchmark indicating its ability to meet its short-term obligations as they fall due.

1.5.4 Debt service cover

NSC's debt service ratio reduced in 2023 and 2024 as monies were borrowed to cover the pool. In June 2024 the ratio continues to exceed the benchmark.

1.5.5 Rates and annual charges outstanding percentage

NSC continues to exceed the benchmark.

1.5.6 Cash expense cover ratio

NSC continues to exceed this benchmark indicating it has sufficient liquidity to pay its immediate expenses.

1.5.7 Buildings and infrastructure renewals ratio

This is skewed by money spent on renewal of the pool.
Also see discussion under Infrastructure backlog ratio below.

1.5.8 Asset maintenance ratio

The result was just below the benchmark.

1.5.9 Infrastructure backlog ratio

As reported in section 1.3 above, NSC changed its methodology to estimate the cost to bring assets to a satisfactory condition. This change has a significant impact on the infrastructure backlog ratio. Without the change the infrastructure backlog ratio would have been similar to previous years slightly higher than the benchmark but below the State average of 4.8%[5].

The "Infrastructure backlog ratio", "Asset maintenance ratio", and "Cost to bring assets to agreed service level" are all negatively impacted by NSC changing its service level for renewing assets.

The Financial Performance of NSC satisfies the OLG Benchmarks, therefore an increase in rates cannot be supported.

[5] https://www.yourNSC.nsw.gov.au/nsw-overview/assets/

1.6 Other revenue options not contemplated

NSC claims that extensive community engagement and consultation played a central role in shaping its Special Rate Variation. However, the facts do not support this assertion. NSC has consistently disregarded community feedback (see section 2.2, NSC ignored community feedback).

The Long-Term Financial Plan is both complex and incomplete. It presents a limited set of four similar options, without considering alternative revenue measures such as asset sales, sponsorships, grants, or loans. There is no evaluation of these options, despite their potential to reduce the financial burden on ratepayers.

Several strategies could mitigate the impact of the rate increase but implementing them requires a willingness to explore alternatives. NSC, however, appears solely focused on shifting the cost burden onto ratepayers.

1.6.1 Reduced and/or staged rate increases

A motion calling for the inclusion of a range of smaller staged rate increases was defeated at NSC on 27 November 2024.[6]

1.6.2 Cost control / Spread projects out further:

NSC should cut its own spending first before asking residents and businesses to pay more. But instead, NSC plans to increase spending by $20 million (14%) next financial year, largely on salaries and new projects. It plans to spend an additional $57.4 million in the first three years on new projects. In addition, its plans include a $32 million upgrade for North Sydney oval, again paid for upfront by current ratepayers. Such capital works should be staged over a more reasonable period in line with accepted accounting practice. NSC speaks generally about efficiencies but is silent on any real resulting cost savings.

1.6.3 Lower the wage growth assumptions and/or factor in productivity savings

The modelling assumes wage rate increases of 4.25% per annum. This is higher than both Commonwealth Treasury and Reserve Bank forecasts and assumes that real wages of NSC employees increase by 1.75% per annum. This is an aggressive assumption and could only be justified if there were significant ongoing productivity improvements which should flow through to lower NSC expenditure growth assumptions. Modelling should either use lower wage growth assumptions or add annual ongoing productivity savings which reduce projected NSC expenses. NSC has done neither.

1.6.4 Loan funding to spread out costs.

Debt is a responsible and equitable way to fund large capital projects, aligning payment with usage. Both current and future ratepayers should share the costs of projects from which they will benefit. Instead of burdening today's ratepayers, planned large capital works could be better funded through long-term, low-interest Treasury loans.

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[6] NSC Minutes, 27 November 2024, pp 13 and 14

1.6.5 Hold debt constant for the next 10 years rather than an aggressive paydown of debt

Repaying 70% of debt over the next 10 years is far too aggressive and a better strategy would be to hold the current level of debt constant until an appropriate gearing ratio is achieved. While the current level of debt is around one-third of total revenues, even under Option 1 this is projected to drop to 5.3% of revenue in 2034-35 - a far too conservative outcome. Holding debt constant for the next 10 years would see the debt to revenue ratio under Option 1 fall from 33.8% to 18.9% (and to around 17-18% under the other options).

1.6.6 Divestment of underperforming assets

The NSC appears reluctant to pursue divestment of any underperforming assets that don't fulfil NSC purpose within NSC's $53.7 million investment portfolio. At the very least it has not identified any assets it could liquidate.

1.6.7 Maximise revenue from existing assets

The NSC forfeits millions of dollars in revenue annually by not capitalising on the revenue potential of its assets. Examples include potential naming rights of North Sydney Oval, one of Australia's most iconic sporting venues, and the Ward Street North Sydney car park, which is situated above the Victoria Cross Metro station and has remained in stasis since 2020. For further details, please refer to section 5.2 "Productivity Shortcomings".

1.6.8 Revenue from increased ratepayer base

North Sydney's population and building stock (commercial and residential) is growing, which should expand the rate base and allow for a reduction in rates, not an increase. The rate revenue is already increasing due to the increased residential and business developments around the new Crows Nest Railway Station. More development will occur in the near future as North Sydney Council area includes the state government's Crows Nest Transport Orientated Development (TOD) Accelerated Precinct and two metro stations.

Residential:

The Crows Nest TOD precinct was rezoned in November 2024, allowing for 5,900 new homes. It has State Significant Development pathway to hasten development applications. Despite this and other approved residential developments in North Sydney, the NSC's LTFP conservatively allows for just 300 new homes annually.

Commercial:

The Victoria Cross Metro site is a 42-storey commercial building with 58,000sqm of office space for 7,000 workers and 20 retailers, set to complete in 2025. The Crows Nest TOD precinct offers commercial space for 2,500 jobs. There are other developments also taking place. The LTFP appears to exclude forecasts of the additional rate revenue which this will generate.

1.7 Invalid rate comparisons

1.7.1 Minimum rates

NSC compared its minimum residential rate increase with nearby councils like Willoughby and Mosman, which lack CBDs, using those comparisons to justify the SRV. By way of example, North Sydney currently earns 10 times the business rates revenue of neighbouring Mosman and over 3 times that of Lane Cove. Increasing both residential and business rates by 87% clearly leads to excess gains overall.

LGA	2024/2025	After SRV
North Sydney	$715.24	$1,300
City of Sydney	$668.50	
Waverly	$746.92	
Parramatta	$790.35	

1.7.2 Rate revenues

A comparison of North Sydney's 2024–25 revenue with that of similar councils shows that its total revenue is currently in line with others. However, if the Special Rate Variation application is approved, North Sydney's revenue would exceed that of comparable Councils. No justification has been provided for this disparity.

LGA	Existing Revenue (m)	After SRV (est)
North Sydney	$138.150 M	$190.000 M
Woollahra	$126.841 M	
Willoughby	$146.736 M	

1.7.3 Conclusions require qualitative assessment.

Although the above comparisons show the differences between Councils across a selection of specific activities, they do not explain why these differences have arisen. The figures are indicators only and conclusions should not be drawn without qualitative assessments being made. NSC has not provided a qualitative assessment.

1.8 The Long-Term Financial Plan

NSC has not effectively managed its Long-Term Financial Plan (LTFP), leading to an unexpected 87% cumulative rate rise. The new plan is significantly different from the previous one, which stated the NSC's financial position was sound.

In 2024, the NSC revised its eight 'needs' strategies without considering their cost implications, causing the LTFP to lag. Local Government Integrated Planning and Reporting (IP&R) guidelines require financial strategies to inform key strategies and plans during development.

The LTFP has been designed so that +$60million is allocated to Informing Strategies in the first three years. It is significantly front-end loaded when NSC has pressing financial, asset, operational and executional matters with which to deal.

The forward estimates of the Grants and Contributions included in the LTFP are listed as approximately $12.5 million pa. This seems to be substantially less than the historical average of $23.5 million pa (Annual reports 2019 to 2024).

1.9 The Eight Informing Strategies

NSC's survey conducted between 29 Nov 2024 and 10 January 2025 shows that 78% of over 1,000 respondents do not support Council's Eight Informing strategies.

1.9.1 Not fit for purpose

A key weakness of NSC's Special Rate Variation proposals lies in its strategic plans (Informing Strategies), which are fundamentally flawed.

These plans consist largely of rhetorical statements, lacking meaningful tactical or operational detail. They provide no substantive cost planning evidence and fail to outline how objectives will be achieved. Furthermore, the reported cost planning accuracy is classified as extremely high risk, making the strategies unfit for aligning realistic goals with clearly defined resources, allocated funding, and the necessary expertise to execute them.

1.9.2 Discretionary projects in a "financial crisis"

Presenting these eight informing strategies while simultaneously declaring a 'financial crisis' is contradictory. It highlights a lack of discipline, focus, and prioritisation in NSC's approach.

What is needed are clear, measurable financial and performance metrics to strengthen NSC's financial position—yet none have been provided.

NSC must take responsibility for developing sustainable financial and operational plans. Rates should be set based on actual financial needs.

1.9.3 Willingness to pay

When seeking to justify the financial need for discretionary activities, Councils should demonstrate ratepayer support through a willingness-to-pay study.

In a survey conducted by NSC between 29 November 2024 and 10 January 2025, with over 1,000 ratepayer responses, 78% indicated they were not willing to pay for the new projects, services, and initiatives proposed in the Eight Informing strategies.

Before undertaking any ambitious expansion of services, NSC must first stabilise its finances and return to surplus.

Ratepayers question why they should commit to funding expanded programs when NSC is already struggling to deliver existing projects efficiently in both time and cost.

1.10 User fees and charges

NSC claims that user charges and fees have not returned to pre-COVID levels due to societal and market changes, citing a decline in revenue from parking fees and advertising.

However, in the case of parking revenue, NSC fails to acknowledge its own role in the decline. Parking revenue had been steadily increasing from 2022 until June 2024. The introduction of a new parking system in mid-2024—which attracted national media scrutiny—made parking more difficult for many users. The app-based system proved confusing or inaccessible for a significant portion of users and actively reduced revenue potential by allowing real-time, incremental payments rather than fixed-duration fees. Instead of improving parking meter productivity, NSC's changes have reduced it.

Regarding advertising revenue, in 2022, NSC awarded a nine-year contract to JCDecaux for the installation of 54 digital advertising panels and street furniture. Three years into the contract, NSC's own processes have obstructed all but six installations, jeopardising what JCDecaux representative David Watkins estimated on 10 February as $20 million in potential revenue over six years—an amount sufficient to offset projected declines in other revenue streams.

For further information see Section 5.2 "Productivity Shortcomings" below.

1.11 Alternatives to the rate rise

NSC did not canvas alternatives to the rate rise. See section 1.6 "Other revenue options not contemplated" above.

1.12 Community does not need/desire NSC projects

The evidence indicates no clear community need or desire for NSC's proposed service levels and projects.
The 2023 Community Satisfaction Survey found that 92% of residents were satisfied with the current level of service being delivered (see section 1.3.3, The Asset Management Strategy 2025–2035).
Additionally, a NSC survey conducted between 29 November 2024 and 10 January 2025 showed that 93.5% of over 1,000 respondents objected to the revised Asset Management Strategy.
The same survey found that 78% of respondents did not support the Eight Informing Strategies (see section 1.9, The Eight Informing Strategies).

1.13 The OLG had no concerns re NSC's financial sustainability.

Each year, the Office of Local Government (OLG) reviews the audited annual financial statements of all NSW Councils. If OLG has any concerns about a council's financial position, it will contact the council and ask for an explanation. The OLG reviewed NSC's 2023/34 Financial Statements and had no concern about NSC's financial sustainability.

1.14 In summary

NSC has NOT demonstrated a financial need for its proposed rate increase.

2. COMMUNITY AWARENESS AND ENGAGEMENT

The engagement program (29 November 2024 to 10 January 2025) conducted over the holiday season was untimely and ineffective.

2.1 Public engagement during major holiday period

Seeking public engagement during the Christmas–January holiday period is unacceptable and contradicts best practice for local government consultation. This timing restricts the broader community's ability to review the extensive material associated with the proposed SRV.

The consultation involved more than eight significant and complex documents requiring thorough consideration. The growing number of FAQs on the survey's consultation page further underscored the engagement strategy's failure to adequately address the complexities of the fiscal proposals.

NSC did not allocate sufficient time for meaningful consultation, particularly given the scale of the proposed Special Rate Variation (SRV). The process lacked the necessary deliberation and timeliness expected for such a significant decision.

2.2 NSC ignored community feedback

The community is central to the Integrated Planning & Reporting (IP&R) framework. Effective engagement depends on a strong partnership between Councils and their communities.

In its application, NSC claims that extensive community engagement informed decisions and aligned them with community priorities. However, the engagement process was performative rather than substantive, with no meaningful consultation.

This is regrettable, as valuable input from individuals with relevant professional expertise and experience was disregarded.

Following consultation, NSC tweaked its chosen option, Option 2a

Option 2a	Year 1	Year 2	Cumulative
Pre consultation	50%	25%	85.5%
Post consultation	45%	29%	85.05%
		Difference	**0.45%**

The difference for ratepayers is immaterial.
There is no evidence that NSC considered or implemented community feedback.

2.2.1 Input from over 800 Submissions ignored

Understanding and analysing the Special Rate Variation proposal has been challenging for many ratepayers. Despite this, nearly 900 detailed submissions were made, the vast majority opposing the SRV. Regrettably, the Engagement Outcomes Report and Key Engagement Themes do not accurately reflect the comprehensive feedback from the community. There is little evidence that meaningful community input was considered by NSC. Instead, public outcry over rate increases led to only minor modifications—changes that weakened the operational plan rather than improved it.

2.2.2 Input from over 1,000 survey response ignored

Feedback from the community on the SRV proposal by way of a survey has also been ignored. For example,

- Only 5% of respondents supported option 2a, and yet NSC adopted this recommendation from NSC Executive at its meeting on 10 February 2025
- 78% of respondents said they were unwilling to pay for new projects, services and initiatives outlined in the "informing strategies", and yet these remain at a cost to ratepayers of $146 million and were accepted by NSC on 10 February 2025.
- The survey was flawed as it did not have options to oppose the rate increase or advocate for a lower rate increase. Despite requests from the community to include these options in the survey, NSC chose not to alter the survey.

2.2.3 Problems with lack of consultation and engagement

At the 10 February 2025 NSC meeting, 44 registered speakers addressed the proposed Special Rate Variation. Of these, two spoke in favour, 25 spoke against, and one—the Co-CEO of a global advertising company—promoted advertising. The remaining registered speakers were unable to attend due to space limitations.

The meeting concluded at 11:06 pm, yet scrutiny of submission records shows that North Sydney NSC uploaded its minutes and other parts of its application to IPART between 11:06 pm and midnight on the same night. This timeline indicates that NSC could not have meaningfully incorporated community feedback from the meeting into its final submission.

This raises concerns about whether NSC genuinely considered community input before finalising its application. The timing suggests that the feedback was disregarded.

Discrepancies have been identified between the North Sydney NSC minutes published on its website and those submitted to IPART as part of its Special Rate Variation application. The version provided to IPART omits background details and a record of speakers, meaning the tribunal would have no indication that speakers provided feedback—much of it negative—during the 10 February NSC meeting.

Throughout the meeting speakers were treated with disdain by the Mayor with not even a polite acknowledgment of their valid inputs. Some councillors targeted and denigrated peers who did not agree with the SRV proposal. Such unseemly behaviour further dented the community's confidence in NSC's leadership. One Councillor was particularly offensive when he said, "*Do North Sydney Councillors really want to present themselves as the entitled Karens of Australia*[7]? In addition, many members of the public, including registered speakers, were turned away from the meeting. The NSC chambers are small and, despite NSC anticipating

[7] Meme depicting middle-class white women who "use their white and class privilege to demand their own way"

large attendance and the meeting being webcast, there was no provision to observe the meeting for the large number of ratepayers who wished to attend.

2.2.4 Workshop

On 7 December 2024, NSC conducted a workshop with 42 'demographically selected' residents. However, this group was drawn from the pool which assisted NSC in the development of the Informing Strategies in May/June 2024. The group heard from proponents of the SRV, namely the Mayor and the CEO for several hours, with no devil's advocate. Significantly, about half the sample were not rate payers.

2.2.5 Media

NSC advertised in two local newspapers, Mosman Daily and North Shore Times, both of which have large circulation overhangs in other LGAs resulting in inefficient audience targeting. NSC did not advertise in other local newspapers such as North Sydney Living and North Sydney Sun. The advertisements were small and contained no informational content about the proposed SRV, but instead a QR code linking to a website. The advertisement in the Mosman Daily on 19 December invited readers to attend a community forum that was held three days prior on 16 December.

2.3 Lack of clarity

NSC has NOT clearly and transparently communicated the full impact of the proposed rate increases to ratepayers. NSC's analysis understates annual rates by excluding Domestic Waste Management Charge (DWMC) and Stormwater Management Charge (SWMC), which can be $500-$700 annually for residential owners. NSC's Fact Sheet and LTFP do not mention DWMC and SWMC, leading residents to assume forecast rates include these charges. These charges are significant and their omission misleading.

For example, a resident paying $1,300 annually may mistakenly believe their payment will increase to $1,665 under Option 1, when it will be closer to $2,300 due to DWMC and SWMC. NSC has NOT clearly and transparently communicated the full impact of the proposed rate increases to ratepayers.

2.4 All or nothing scenario

Ratepayers were presented with an "all or nothing scenario", rather than a range of realistic funding options. All NSC communications and engagements promoted a very narrow set of four options with no provision to oppose the rate increase, or advocate for a different increase or different timeframe(s).
Community sessions were conducted where the Mayor and Chief Executive presented only the four options with no provision to consider alternatives.
Offering four options only has confirmed ratepayers' view that the decision to increase rates had already been made regardless of community opinion.

2.5 Ratepayers taken by surprise

It is perplexing that NSC reported a surplus in June 2024, yet six months later declared its financial position unsustainable. No mention of a financial crisis was made before or during the September 2024 local NSC elections. The alleged crisis was first disclosed at the 27 November 2024 NSC meeting.

Additionally, NSC appointed Morrison Low on 19 September 2024—just five days after the 14 September election, while votes were still being counted and before the new NSC was sworn in. This raises concerns about whether the Chief Executive shared this information with the Mayor and councillors.

A review of NSC minutes shows no discussion of the NSC's finances between the March Quarterly Report and November 2024.

Given that NSC was in caretaker mode on 19 September, it is unclear under whose authority approval was granted to engage Morrison Low and proceed with the SRV application process.

2.6 Efficiency measures

There are vague promises to improve efficiency, but no discussion or strategy on how this can be achieved. Council's Organisational Plan lists efficiency measures but lacks specific operational details, cost savings, and measurable outcomes over the short, medium and long term. Without measurable outcomes, the "efficiency measures" look like bureaucratic "process reengineering".

Council appears to speak with two voices on efficiencies depending on the audience. In its formal documentation around the SRV application (page 81, Attachment 23), it offers the possible closure of its community bus service for seniors as a potential source of cost savings. But in its SRV FAQ for ratepayers on its website, it indicates that it is reluctant to cancel services because public pressure usually leads them to being restored.

2.7 In summary

The engagement process as described heavily infers that the SRV decision was predetermined, and the engagement program was performative. Ratepayers were presented with an "all or nothing scenario", rather than a range of realistic funding options. NSC's decision-making was neither transparent nor inclusive. As such, the community was not fully aware of the implications of NSC's proposed rate increase.

NSC's consultation with ratepayers was NOT effective.

3. IMPACT ON RATEPAYERS

3.1 NSC relied on highly aggregated measures

NSC relies on its consultant's report[8] to conclude ratepayers (residents and businesses) have the capacity to pay the rate increase. There is no evidence that NSC considered how the *affected* ratepayer (resident or business) had the capacity to pay.

Morrison Low's report uses standard measures to reach its conclusion. However, many of these measures are highly aggregated and hence critical evaluation is required.

NSC has not provided a revised hardship policy for those affected by the rate increase or assistance plan for those facing financial hardship because of this rate rise.

78% of survey respondents indicated they were NOT willing to pay for the Informing Strategies.

3.2 Impact on residents

Some points from the 2021 census are revealing on the impact on residents:

- 15.3% of the LGA have household income of less than a $1,000 a week.
- Individual income is equally interesting. 24% earn less than $1,000 a week and 6% earn nil income.
- Equally significant is this: In 2021, 39% of households in NSC area contained only one person, compared with 23.2% in Greater Sydney, with the most dominant household size being one person per household.
- Just 25% own their own home outright. 50% rent, and the remainder are paying off a home. In other words, 75% of the population are exposed to the pressures of interest rates and/or landlord rent setting decisions. This is slightly HIGHER than greater Sydney.
- While North Sydney may be overall richer, it also pays more for property. Average rent is $580 per week (NSW average $420). Average mortgage payments are $692 (NSW $432)
- North Sydney demographics are also aging. The largest changes in age structure in this area between 2016 and 2021 were in the age groups:
  25 to 29 (-887 persons)
  30 to 34 (-809 persons)
  75 to 79 (+709 persons)
  70 to 74 (+671 persons)

In terms of overall comparisons with other councils, where NSC likes to claim residential rates are quite low, it is worth noting that the LGA has a population density of 6,862 people per square km, and just 10.49sqkm of land to serve. This is twice the population density of Mosman (3,359) and around 60% more than Lane Cove (3,964). Simply, if you have more density, it is cheaper to service the community with core NSC services such as rubbish collection, local roads and open space upkeep.

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[8] NSC Paper 10.3.5 Capacity to Pay, Morrison Low, presented to NSC on 10 February 2025

It is sophistry to compare North Sydney with other areas that are more expensive to service and with clearly larger land lots (and per capita rate values) given their lower densities.

3.3 Impact on business

Many property owners in their submissions[9] to NSC criticised the rate rise. The North Sydney Sun summarised the issue on 4 February 2025[10].
The article is provided below.

Concerns rate rises will threaten North Sydney office market, retail recovery

"Major commercial property owners in North Sydney have strongly criticised the NSC's proposed Special Rate Variation, warning that a recommended increase of 87% would undermine investment confidence and harm businesses already struggling with high vacancy rates and post-pandemic economic pressures.

In submissions to the NSC's consultation process, Pro-Invest Group, Stockland, the investment managers of 2 Blue Street (Blue & William), and the owner of the Victoria Cross Over Station Development at 155 Miller Street have all voiced opposition to the proposed rate increases.

The owners of Victoria Cross Over Station Development at 155 Miller Street, home to a new Metro concourse retail precinct, said the SRV would hurt businesses just as they begin trading. "Retailers in the concourse only commenced operations in September 2024, and those along Miller Street will not open until 2026. Raising costs during this critical early trading period will put unnecessary strain on their viability," the submission stated. "These businesses are critical to the success of the new transport hub, and additional financial burdens will only stifle growth before they have had a chance to establish themselves."

"Retailers in the concourse only commenced operations in September 2024, and those along Miller Street will not open until 2026. Raising costs during this critical early trading period will put unnecessary strain on their viability," the submission stated. "These businesses are critical to the success of the new transport hub, and additional financial burdens will only stifle growth before they have had a chance to establish themselves."

Stockland, which owns 601, 110, 118, and 122 Walker Street, argued that the NSC's rate hike is out of step with NSW state pricing tribunal guidelines for reasonable rate adjustments and would place undue financial pressure on commercial tenants. "North Sydney has long relied on its competitive office market to attract businesses. A sudden and disproportionate increase in rates risks pushing tenants away and making the area less attractive for future investment," Stockland's submission said. It added, "Our commercial tenants are already struggling with post-pandemic economic pressures, and this rate increase will force some of them to reconsider their presence in North Sydney."

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[9] Submission numbers 812,822,834,835 and 880 in NSC Paper 10.3. Proposed special rate variation for long term financial sustainability, 10 February 2025
[10] https://tinyurl.com/mvu8nzr7

The investment managers of 2 Blue Street (Blue & William) echoed these concerns, pointing to rising vacancy rates and competition from Sydney CBD and Macquarie Park. They warned that increasing NSC rates at this scale “would place an additional financial burden on tenants already navigating an uncertain post-COVID commercial market” and deter businesses from leasing office space in North Sydney. The submission continued, “This proposal will increase outgoings significantly for businesses, making it harder for them to remain competitive in a challenging economic climate.”

Pro-Invest Group, which owns 100 Walker Street, said the plan contradicts NSC’s own economic development strategy aimed at revitalising the area. “The proposed rate increase will negatively impact tenant affordability, disincentivise businesses from choosing North Sydney as a base, and reduce the attractiveness of the precinct for future investment,” it stated. The group further warned, “NSC must explore alternative revenue sources rather than placing the entire burden on commercial property owners who are already grappling with rising costs.”

Multiple submissions noted that the NSC’s proposed increases run counter to its stated goal of positioning North Sydney as a ‘top-tier office precinct’. The property owners have called for alternative financial strategies and are requesting meetings with the mayor and CEO to discuss the potential economic ramifications of the SRV.

3.4 Impact on retail

This rate increase will also adversely affect retail businesses in North Sydney. The number of empty shops in Greenwood Plaza, the main shopping area in the LGA is concerning.
Retail vacancies in Greenwood Plaza have surged from 2% in 2019 to 24% by the end of 2024. The proposed rate increase could further deter tenants, risking higher vacancy rates, which contradicts NSC’s economic aspirations to revitalise North Sydney CBD.

3.5 Willingness to pay

NSC’s Informing Strategies represent increased service levels and are discretionary activities. NSC’s survey conducted between 29 November 2024 and 10 January, indicates 78% of over 1,000 ratepayers said they were NOT willing to pay for the new projects, services, and initiatives in the Informing Strategies.

3.6 In summary

NSC’s proposed rate increase has an unreasonable impact on ratepayers.

4. EXHIBITION & ADOPTION OF IP&R DOCUMENTS

The relevant documentation was exhibited. However, as described in section 2 above, NSC's public engagement program was not effective.

In addition, as noted elsewhere, there are deficiencies with the LTFP and the Asset Management Strategy. Despite these issues being brought to the attention of NSC, they remain unaltered.

Ratepayers have been presented with a fait accompli.

5. PRODUCTIVITY AND COST- CONTAINMENT

5.1 Organisational Improvement Plan Shortcomings

- NSC has claimed $2.4m of savings annually in its Organisational Improvement Plan (page 7) however this has not translated into reduced operational expenditure in the North Sydney LTFP (page 12). Of note, the NSC appears to be increasing its forecast operational expenditure significantly through to 2035 with no apparent reason, including additional staff and resources.
- The claim of *"a comprehensive program of review and improvement to ensure the effective use of public funds"* is inconsistent with the NSC's proposed operational budget.
- The Organisational Improvement Plan and its proposed savings are inconsistent with the LTFP. There is no indication of NSC's intention to reduce operational expenditure.

Improvement Plan Summary[11]		Comment
Past	$3,694,725	**Organisational Realignment** $2.3m listed as a cost saving. However, this represented management level salaries which were reallocated into other areas. The CEO advised the Combined Precincts Committee in April 2024 that the organisational restructure did not provide any cost savings.
Present	$l, l60,000	**NSOP Business Plan:** The business plan for the redeveloped facility forecasts an increase in revenue of $1,080,000. However, i) The Business Plan in LTFP (LTFP) P48 shows a 3-year Operating Break-even and 3-Year Total Centre loss of $11.2m. ii) The 10-year Projections (extracted from the Risk Analysis) show a 3-Year loss of $12.2m and +$25m loss over the 10-year horizon based on target operating assumptions.
Future	$2,400,000 (ongoing)	**Systems Review** The systems review forecasts a saving of $1m. However, NSC's 'Governance Strategy' outlines a $900k, 3-year Enterprise Resource Planning (ERP) project, which seems inadequate and needs a thorough review before proceeding. It is unclear how this relates to the Systems Review **Other Future Improvements** Lack detail
One - off	$5,000,000	Land not identified. NSC has rejected community suggestions of land sales such as Montford Place, a Cremorne cul-de-sac currently used solely for a school.
Total	$7,254,725/year plus	

[11] Source: Organisational Improvement Plan

5.2 Cost savings from new initiatives are questionable

The Long-Term Financial Plan lacks concrete savings proposals. Initiatives such as process mapping, structural re-alignment, and the service review framework do not guarantee financial savings or service improvements. These measures should be clearly defined and quantified within the LTFP to allow proper assessment. If efficiency savings exist, they should be explicitly detailed and measured.

NSC has not taken steps to contain its costs; instead, it seeks to significantly increase them. No concrete improvements have been proposed to enhance organisational productivity. In fact, the opposite is true—both operating and capital costs are set to rise.

NSC has also failed to explore alternative options such as selling underperforming assets or accessing low-interest Treasury loans to fund capital expenditure. It is unrealistic and unreasonable to propose substantial cost increases while simultaneously declaring a financial emergency and expecting ratepayers to absorb steep revenue hikes without any effort to rein in spending.

5.2.1 Organisational realignment

Despite the organisational realignment being in place for two years, no cost savings have been disclosed in the Long-Term Financial Plan. Ongoing monitoring and Key Performance Indicator reporting are essential to ensure that the realignment delivers a long-term reduction in operating expenses. Without transparency on cost savings, its effectiveness remains unclear.

5.2.2 Process mapping

The scope of the process mapping initiative should be determined by a cost-benefit analysis rather than by an arbitrary target such as achieving "1000 over time" (LTFP, page 9). A fiscally responsible organisation would prioritise process changes based on monetary impact and complexity, ensuring that implementation costs are justified by measurable benefits.

A structured evaluation would identify the most worthwhile changes and establish a clear cutoff point where the return on investment diminishes. Without this, the initiative risks becoming a bureaucratic exercise, prioritising process for process's sake rather than delivering meaningful cost savings.

5.2.3 Other initiatives

The cost savings associated with initiatives such as the new service level review framework, service unit planning, development and performance framework, and new workforce strategy (LTFP, page 9) are not specified.

Additionally, these changes are likely to increase operational complexity, potentially requiring more resources and time to implement effectively. Without a detailed breakdown of expected savings and a clear plan for managing this complexity, it is difficult to determine whether these initiatives will deliver a net benefit or simply add administrative burden.

5.3 Productivity Shortcomings

NSC has repeatedly failed to implement asset and system productivity measures, whether due to mismanagement or inaction. Before seeking a Special Rate Variation (SRV) or increase in minimum rates, NSC should first demonstrate competence in maximising existing revenue opportunities.

5.3.1 Obstructed advertising revenue

As noted in section 1.10 above in 2022, NSC awarded a nine-year contract to JCDecaux for the installation of 54 digital advertising panels and street furniture. However, three years into the contract, NSC processes have obstructed all but six installations, jeopardising what JCDecaux representative David Watkins estimated on 10 February as $20 million in potential revenue over six years—an amount sufficient to offset projected declines in other revenue streams.

5.3.2 Self-inflicted parking revenue losses

NSC's IPART submission cites falling parking revenue as justification for the SRV but fails to acknowledge its own role in the decline. The rollout of a new parking system in mid-2024, which attracted national media scrutiny, made parking more difficult for many users. The app-based system was confusing or inaccessible for a significant group and actively reduced revenue potential by allowing users to time and pay for their stays in real-time increments.

Worse, the system was designed for ticketless fines, only for this approach to be invalidated by a well-flagged State Government mandate requiring ticketed fines. As a result, NSC had to re-hire rangers. Rather than improving revenue productivity, NSC effectively reduced it by design.

5.3.3 Unrealised commercial potential of North Sydney Oval

Another example of neglected revenue opportunities is North Sydney Oval, one of Australia's most iconic sporting venues. NSC's IPART submission includes $31 million in unspecified works for the Oval, yet it has never attempted to secure a naming rights sponsor—a common strategy used by at least 110 sporting venues across Australia, including smaller markets such as Queanbeyan, Goulburn, Brookvale and Concord.

This is despite the Oval hosting nationally broadcast women's cricket and major metro rugby league and union matches. Even a NSC-selected 42-member focus group—hand-picked for demographic alignment—overwhelmingly supported greater commercialisation, with 89% endorsing naming rights sponsorship. Support for rate rises was lower.

Yet NSC selectively used this group's input to justify its SRV request while ignoring its clear preference for asset productivity measures. Tier 1 venues typically generate at least $2 million per year in sponsorship revenue. Given North Sydney Oval's national profile, it could reasonably expect a significant share of this.

5.3.4 Failure to capitalise on prime real estate

Further evidence of NSC's failure to maximise assets is its handling of the Ward Street North Sydney car park, located above the Victoria Cross Metro station.

NSC reclaimed this three-storey site in 2020 after a 50-year lease with Wilson Parking expired. In 2016, the site was valued at over $80 million for development potential—a figure that has likely increased due to Metro-driven demand.

Yet NSC insists on retaining the site for a vague "master plan" for a pedestrian plaza. Notably, this plaza is absent from the extensive list of initiatives slated for funding under the proposed $550 million SRV over the next decade.

This suggests no real intention to generate commercial or social value from the asset, despite its prime location in a mixed-use zone and its alignment with state planning priorities for urban development.

5.3.5 At least $100 million in lost revenue

Collectively, these examples indicate that NSC is willingly forgoing at least $100 million in revenue—likely much more—over the next six years.

NSC's track record demonstrates a lack of seriousness in pursuing greater asset productivity, calling into question the necessity of an SRV and/or increase in minimum rates.

5.4 Efficiency shortcomings

The Long-Term Financial Plan does not appear to address efficiencies related to reducing project cycle time.

For example, the 12-month delay in completing the North Sydney Olympic Pool (NSOP) has resulted in approximately $1.5 million in lost revenue. Despite cost overruns and delays, NSC approved an additional $250,000 for a café and gelato fit-out at NSOP, further increasing costs and prolonging completion.

Project delays mean that assets are not generating revenue as planned, leading to additional costs for ratepayers to maintain cash flow. Without a focus on timely project delivery, these inefficiencies place further strain on NSC's finances.

6. IN CONCLUSION

There is no quantifiable evidence that NSC has implemented a continuous improvement framework to identify and implement ongoing productivity and cost containment strategies. In the future ratepayers should be provided with clear disclosure that the NSC has taken concrete steps to address inefficiencies, reduce unnecessary expenditure, and implement stronger financial oversight before seeking an SRV.

It is essential that NSC focus on delivering necessary services, funding capital works, and maintaining a skilled workforce. This SRV proposal is undermined by the lack of strategic clarity and sound financial planning.

The community will support NSC if it demonstrates professionalism, transparency, and visionary leadership. To regain trust, NSC must act with integrity, clearly outline achievable goals, and demonstrate how it plans to meet those goals with the available resources. For these reasons, NSC's application for an IPART approved rate increase must be refused.

[redacted]

Robert Stitt KC
Chair Lavender Bay Precinct

and Sub Committee of Lavender Bay Precinct

10 March 2025

Lavender Bay Precinct[12] is part of the North Sydney Precinct System. Whilst under the auspices of North Sydney Council, it is independent from the NSC in its activities and decision-making. Precinct Committees are run by residents and provide feedback to NSC in an advisory capacity.

[12] https://www.northsydney.nsw.gov.au/homepage/113/lavender-bay-precinct

Submission from: Milson Precinct (MP) **20.3.2025**

To: Independent Pricing and Regulatory Tribunal/NSW (IPART)

Subject: North Sydney Council (NSC) Proposed SRV and 87.05% Rate Increase

Milson Precinct: MP is an independent community body constituted under the NSC Community Precinct structure and covers the Kirribilli and Bradfield (southern Kirribilli peninsula). MP has more than 150 participants drawn from residents (homeowners and renters), local businesses, schools, social housing facilities and Churches. On 6th March 2025, the MP unanimously approved making a formal community submission to IPART on this North Sydney Council proposed SRV and Rate increase.

Milson Precinct Submission Principles - MP recognises the need for an adjustment to rates to mitigate the prevailing, deteriorating and self-inflicted financial position of NSC. However, MP strongly questions the foundations of the NSC SRV proposed increase. MP is very concerned that NSC is in fact targeting much more than financial reparation in this submission and is seeking to embark on very significant new activities requiring organisational, capital and operating cost structures. NSC is also seeking to build significant reserves for what can only be described as a 'rainy day' or emergency event. MP remains strongly of the view that the SRV proposal steps significantly outside the core priorities of NSC to achieve immediate financial improvements and sustainability which is not supported by Community.

MP submits to IPART that any adjustment to rates must be prioritised to give Council financial capacity to:

a. **Deliver Services, Programs and Amenity that Community needs and depends upon** – not increasing rates to fund NSC embarking on new, additional Strategic Imperatives which risk diversion and dilution of resources away from fundamental areas of Council operation.
b. **Undertake renewal and improvement of Community assets to a 'satisfactory' level** in line with standard asset classification methodology (noting the NSC has changed this classification methodology from previous years to amplify the financial requirements therein)
c. **Achieve an Operating Break-Even position urgently** - by setting clear plans to mitigate the declining non-rate revenues of Council. This must include establishing a Council amenity fee for provision of Council services to the incredibly significant numbers of educational facilities - Public, Private & Tertiary Institutions, as well as Religious Institutions within the LGA. The NSC has published charts showing it has not achieved an operating break-even for some 8 years – well before the COVID impacts and the North Sydney Olympic Pool (NSOP) fiasco. MP, and the LGA community are yet to have any visibility of plans by NSC to achieve financial breakeven.

d. **Fund and complete the construction of the NSOP** and **set NSOP Operating Plans to manage this significant Asset at not less than 'break-even'** (including financing costs). MP rejects the current NSO Operating plan as published in the NSC LTFP, which forecasts a loss of $12M over the initial 3 years and +$25M over 10 years. MP views this plan as unambitious and unacceptable in the context of the NSC financial challenges.
e. **Adjust the distorted relativity between the minimum rate and the rates for other ratepayers.** Over recent years the minimum rate (set administratively) has increased by much less than the amount for other ratepayers (which has reflected the huge increase in VG valuations). As a result, apartments (many worth multi-million dollars) pay around half of the rates on a tiny terrace. Almost 80% of residences are on the minimum rate, so the distorted relativities have a large impact on total rate income. This distortion will become worse over time as most new residences will be apartments. The current proposal leaves this distorted relativity largely unchanged. The increase in the minimum rate should be very substantially greater, in percent terms, than for other ratepayers. To address capacity-to-pay issues, the pensioner discount could be raised by the same percent as the minimum rate.

SUMMARY - Milson Precinct Recommendation to IPART: MP submits to IPART that the proposed SRV by NSC does not set an appropriate agenda and prioritisation to repair the financial position of Council. It is an ambitious request to fund significant new initiatives, not supported by community, and build uncontrolled reserves with no mandate on where these reserves will be invested.

In NSC' own community consultation process, Community has strongly stated a rejection of Options 2(a), 2(b) and 3 as proposed by NSC and expressed direct concerns to NSC on the impact of the proposed SRV on residents and businesses alike.

MP, and the broader community, fully expect NSC to show discipline and financial responsibility before embarking on ambitious new strategic initiatives. MP accordingly requests IPART consider a more balanced SRV for North Sydney which reflects this approach.

MP implores IPART to consider any SRV adjustment in line with the clear Community priorities expressed in this submission.

Yours faithfully,

Jillian Christie,

Chair, Milson Precinct.   PO Box 704, Milsons Point NSW 1565

Appendices:

Appendix 1: NSC proposed SRV and Rate Increase deficiencies – 'Key Purpose' of the requested SRV on P5-7 of the IPART Special Rate Variation Form B

1. Undertaking immediate repair to liquidity position
Council's liquidity, through a forecast unrestricted current ratio of 0.83 in the 2025/26 financial year declining to negative 0.83 in 2034/35 indicates that it will not be in a position to meet its financial obligations as and when they fall due without intervention.

MP Response: MP recognises the need for NSC to adjust rates to contribute to achieving an Operating break-even position. However, MP views the NSC SRV proposal places all dependence on the rate payers of North Sydney and lacks accountability on NSC to step up to meet the challenges in parallel. MP proposes NSC:

i. Implement accountable, transparent plans to mitigate declining non-rate revenues. These should be documented and reported to community – and be detailed in any IPART submission.
ii. Re-Set NSOP Operating plans to NOT generate on-going losses
iii. Postpone, for the period of any SRV approval, the new 10-year Strategic initiatives ('Informing Strategies') which will cost +$60M over 3 years and +$157M over 10 years.
iv. Continue to undertake organisational and systemic changes to improve NSC efficiency, lower operating costs and improve service levels.
v. Set clear 3-year Financial Milestones for the period of the SRV, which NSC measures and reports as part of standard monthly financial reporting.

2. Fund infrastructure renewals Council's forecast indicates insufficient funding is available to meet renewal needs. To ensure infrastructure assets continue to meet service delivery needs, annual renewal must be funded.

3. Reduce infrastructure backlogs by funding condition 4 (poor) and Condition 5 (very poor) infrastructure renewal backlogs Council currently estimates $146 million will be required to address a renewal backlog which has resulted in infrastructure conditions reducing to poor and very poor. Over the past two years, renewals have been deferred to provide funding for the North Sydney Olympic Pool, which has placed added pressure on this backlog. To reduce risk and ensure continued service delivery this backlog requires addressing.

MP Response: by its own reporting, NSC estimates some $251M will be required over 10 years to achieve the above. NSC income over the next 10 years will be +$1B (excluding the SRV) and +$1.5B (including the SRV). MP would advocate that with good planning, maintenance programs and prioritisation, NSC has capacity within current revenue forecasts to meet the task of Asset renewal and reparation. IPART should note NSC has changed the classification methodology of asset condition and is proposing investing to achieve a 'Good' classification – effectively amplifying the costs associated with assets

4. Fund actions within ten-year strategic plans including Open Space and Recreation, Integrated Transport, Economic Development, Culture and Creativity, Social Inclusion, Environment, Housing and Governance Council has undertaken an extensive process of engagement, research and strategy development to respond to challenges and opportunities over the next ten years in accordance with best practice and integrated planning and reporting requirements. A resourcing assessment has been made to determine the funding required, along with funding sources. In addition to grants and developer contributions, additional rate funding will be required to support these actions.

MP Response: whilst MP recognises the above plans are worthy in principle, the NSC outline above is disingenuous and misleading. The 10 Plans (variously described as 'Informing Strategies') are

new initiatives and have a capital + operating cost of +$60mm over 3 years and +$157mm over 10-years (not inflation adjusted). MP remains extremely concerned with NSC facing into significant, self-inflicted financial challenges, it is high risk and financially irresponsible for NSC to contemplate embarking on 10 new, major initiatives – all requiring financial and organisational resources. This risks significant dilution of focus, executional risk and distraction from the core task at hand.

It is worth noting that in the Community Consultation undertaken by NSC, 78% of respondents stated they did not want to pay extra for Informing Strategies at this time. This data point must not be ignored by NSC and should be included by IPART in any considerations.

5. Replace Council's corporate systems Council's current corporate technology systems are outdated, do not integrate and are at risk of becoming redundant. They do not support efficiency and effectiveness in service delivery, decision making and reporting.

MP Response: MP accepts the importance of this initiative. However, IPART should note the systemic upgrade was included on the "Governance Informing Strategy' with a 3-year capital cost of $1M and operating costs of +$4M. By its own reporting, NSC does not make the case that this project is financially material as a key driver of the need for the 87.05% SRV proposal. With revenues of +$400M over 3 years (before SRV), NSC can surely meet the financial needs of this project within current financial structures.

6. Build unrestricted reserves to ensure financial strength A historical review of the Council's financial position along with the currently critical liquidity levels indicate Council's finances were not able to withstand the financial shock associated with the COVID pandemic, and the increased cost of the North Sydney Olympic Pool. To ensure both financial strength and sustainability, it is important that Council builds its unrestricted cash reserves to a level that provides working funds for Council operations, supports liabilities associated with employee leave entitlements and bonds and deposits, and provides the capacity to withstand future financial shocks.
   In addition, the SV aims to remove the current special levies and to incorporate this income into the ordinary rates to improve the administration of the rating system and focus reporting towards outcomes of the Councils IPRF. In addition, this change improves equity between residential and business ratepayers.

MP Response: MP accepts good financial management by NSC must include re-building unrestricted reserves in a careful and prioritised manner. MP remains concerned however with the principle that NSC proposes increasing rates on Community to build reserves to be held by Council, invested by Council (at currently uncompetitive returns) on the rationale of a just-in-case basis. MP would hope that NSC would take some very salient lessons from the NSOP fiasco and never contemplate undertaking any development of scale in a similar manner. Major global events like COVID will require emergency actions – not by local council – but by State and Federal Governments. MP submits NSC step into rectifying the balance sheet to ensure appropriate provisioning for organisational liabilities and set a clear transparent Reserve minimum based on a percentage of NSC annual operating costs.

MP also seeks to highlight to IPART the significant impost the proposed SRV submission will have on small business across the LGA. By design, NSC seeks to put a greater impost of rate adjustments onto business. Whilst the effects of rate changes on large businesses will be relatively minor, the impact on small business may be significant. MP proposed NSC take a more sophisticated approach to business rates and recognise the need to support small businesses by increasing the adjustment proportion to large, corporate businesses.

Appendix 2: Community Engagement and Consultation

MP submits to IPART that by NSC' very own consultation results, the Community response was clear and compelling:

> 56% of Community Respondents ACCEPTED Option 1: Financial Repair
>
> 24% of Community Respondents REJECTED all 4 options proposed by NSC
>
> **Conclusion: 80% of Community Respondents REJECTED Options 2(a) 2(b) and 3**
>
> In addition,
> 78% of Community Respondents REJECTED paying extra for Informing Strategies at this time

MP continues to be concerned that despite this overwhelming Community Consultation result, NSC has decided to proceed with an SRV application modified Option 2(a) and adopted a motion to accept and progress the 'Informing Strategies' **– in advance of the IPART decision**. Despite NSC own report (P7 – Capacity to Pay Report) NSC has proceeded on a pathway inconsistent with its own expert advice.

> Option 2a is the staff recommended option, and it is considered that ratepayers have the capacity to pay the rate increases proposed under this option. However, Council will need to consider the community feedback, the need to improve financial sustainability and a wide range of other factors in making its final decision on its preferred SV option.

NSC defends this position by highlighting a 'demographically representative' workshop of some 60 people to assist in ratifying support for the 'Informing Strategies'. Participants for this workshop were selected from participants in the initial development sessions (advocates) so it is hardly surprising the workshop results would support proceeding. MP rejects this workshop outcome as being in any way representative of the broader community view and recommends IPART reject this point in the NSC submission.

Appendix 3: Impact on Rate Payers

MP remains concerned that NSC proposing Option 2(a) modified based on the demographically based Capacity to Pay report (attached 7). This report describes the North Sydney LGA as being relatively 'advantaged'. MP points out that whilst the LGA may be classified as relatively 'advantaged' this does not give NSC the right and freedom to requisition a rate increase outside what is reasonable, considered acceptable by community, and priorities to meet the current needs and challenges. We would hope NSC, and IPART would also consider the following in evaluating this SRV and the impact on our community:

1. Broader well documented cost of living impacts on community living standards.
2. Broader cost-of-doing business increases on small and medium businesses
3. flow on impacts on cost of rent, as rate increases are passed through by landlords
4. Capacity to Pay evaluation on medium and small businesses
5. Ongoing increases in State and Federal Government charges and levies
6. Residents living on fixed income structures

The data as reported in the extract below (Community Engagement Report – P22) highlight the material community concerns of the NSC SRV proposal. Concerningly, 23% of respondents the NSC Have your Say Community Engagement survey viewed the increases as not affordable in the context of the current cost of living inflationary environment. This response highlights the risk of conclusions on Capacity to Pay being based solely on demographic modelling.

> • 35% expressed concerns over the management of the North Sydney Olympic Pool (NSOP) project, most commonly indicating the view that residents should not have to pay for the increased costs associated with the project.
>
> • 27% expressed concerns over the Council's ability to manage its finances generally.
>
> • 27% expressed concern that there were not enough options, the lowest SRV being 65%. There was a variety of opinions around what other options should be considered, including a "no SRV" or rate peg only option, as well as options for lower SRVs combined with more significant cost cutting and other funding sources.
>
> • 27% indicated that Council should cut costs and "live within its means".
>
> • 23% expressed a view that the increases were not affordable, particularly in the current high inflation environment that has put significant pressure on the cost of living generally.
>
> • 7% stating that the increase was just too high over too short a timeframe.

MP again seeks to highlight to IPART the significant impost the proposed SRV submission will have on small business across the LGA. The well-reported data on the number of business failures in Australia emphasises the need to take a careful step into increasing rates for SME's. The NSC 'Capacity to Pay' report omits this consideration. MP proposed NSC take a more balanced approach to business rates and recognise the need to support small businesses by increasing the adjustment proportion to large, corporate businesses.

Appendix 4: NSC Actions and Controls

MP recognises the significant change, and overt commitment of NSC Executive and Management to improved productivity, capability and services. We recognise this work is essential in making NSC able to meet the future needs of the community at large and improve the financial situation. Whilst the IPART Special Variation Application Form Part B contains significant unquantified details in this area, MP highlights the following for IPART consideration:

a. Council plans do not detail clear, quantified non-rate revenue generation plans and accountabilities. Given NSC dependence on non-rate revenue streams, we see this as serious omission
b. Systemic upgrades have been identified as a significant productivity and service opportunity. MP strongly recommends this be brought forward as a specific project initiative, with detailed costing and resource plans, to be considered within an adjusted SRV consideration. This project does not, however, represent a material justification for the proposed SRV.
c. The NSOP Operating Plan is unacceptable – reflecting a significant loss over both 3 and 10 years. Given NSC has invested +$120M of public funds into this asset, the onus to ensure this asset is not a burden on rate payers for the future falls directly to NSC. Factually, data on usage of NSOP prior to the redevelopment showed +70% patronage from outside the North Sydney LGA. It is unreasonable for the rate payers of North Sydney to continue to carry the burden of losses on this asset – which is utilised by communities not in the LGA.

Author name: G. Selkirk

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
INTRODUCTION The submission before you by the NSC for an extraordinary Rate Increase is outrageously high and DOES NOT take account of all possible modes of revenue raising available to NSC to cove many years of poor management of the public purse and otherwise looking for ways to positively supplement the funds available to Council. I submit this comment on behalf of the Owners Corporation at 30 Ridge Street North Sydney. PRESENT SITUATION Current financial difficulties are notably exacerbated by an extremely poor decision made to engage an inferior contractor - ICON - to undertake a massive, for NSC, refurbishment, upgrade and program management of the erstwhile iconic North Sydney Swimming Pool. It is history that that program has been poorly managed by Council and is most likely central to much of the fiscal problems which best the projected budgeting way forward. It should not be via a draconian rate increase that current ratepayers are made to cover for the year-on-year mismanagement by the Council. AN ALTERNATIVE The North Sydney Local Government Area is perhaps a little unique somewhat in the preponderance of schools. This is so because of the ground such schools cover and which many of the 'private' schools have continued to increase their holdings over the over the immediate past 20-some years by the acquisition of private dwellings as they expand their facilities. Council, when challenged, will suggest that they have approached schools in the LGA with a suggestion that they 'might like to pay rates'; which of course is, and always will be, rejected by choice by these well-heeled organisations. SUMMARY IPART is requested to consider that, with the quantum of landmass now given over to schools, either private or public, in the North Sydney Local Government Area, it is time for the overall rate burden to be shared by that very well-heeled group of Schools (and Churches) to at least share in the rate burden we find ourselves living with and being affected by mismanagement within the North Sydney Council. Graham J Selkirk

PROPERTY COUNCIL of Australia

Property Council of Australia ABN 13 00847 4422
A Level 7, 50 Carrington Street, Sydney NSW 2000
T +61 2 9033 1900
E info@propertycouncil.com.au
W propertycouncil.com.au
Property Council of Australia

21 March 2025

[redacted]
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

Via email: ipart@ipart.nsw.gov.au

Dear [redacted]

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

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

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

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

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

[1] North Sydney Council 2025, *Long-Term Financial Plan 2025-2035*, accessed 18 March 2025, <https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/North-Sydney-Council-Attachment-Other-Attachment-Attachment-1-Long-Term-Financial-Plan-2025-2035.PDF>, p. 32.
[2] Office of Local Government 2025, *Finances – Your Council NSW*, NSW Government, accessed 18 March 2025, <https://www.yourcouncil.nsw.gov.au/nsw-overview/finances/>.

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

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

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

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

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

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

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

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

We thank IPART for the opportunity to provide a submission to this consultation. If you have any questions about this submission, please contact [redacted]

Yours sincerely,

[redacted]

Katie Stevenson
NSW Executive Director
Property Council of Australia

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

FACTSHEET

North Sydney Council

SPECIAL RATE VARIATION

Overview

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

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

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

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

What is a Special Rate Variation (SRV)?

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

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

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

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

NORTH SYDNEY COUNCIL

Message from Mayor Zoë Baker

Dear North Sydney Community,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Please visit
yoursay.northsydney.nsw.gov.au
to share your feedback and register to attend our community forums.

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

Yours faithfully,

[redacted]

Zoë Baker

Why does North Sydney need to consider an SRV?

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

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

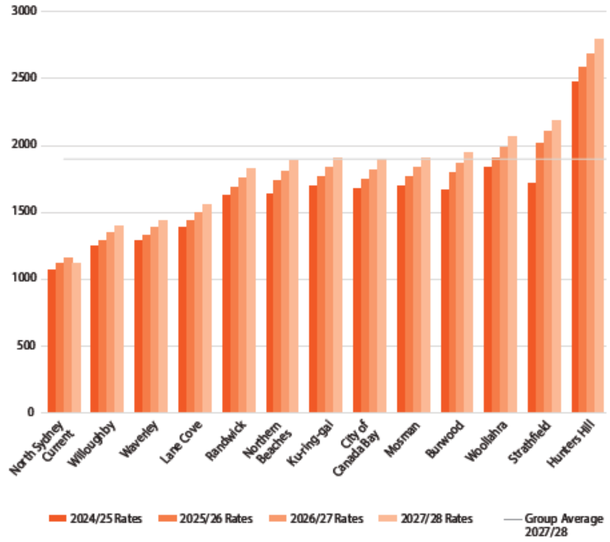
Declining revenue from other sources: Traditionally, around 45% of total operating revenue has been generated through user charges, fees, and other non-rate income. This includes on-street parking fees, fines, advertising revenue, and commercial rental income. While this strategy has lessened the financial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

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

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

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

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



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

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

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

- **A process mapping initiative**, initially targeting 250 high-priority processes, with plans to expand to 1,000 over time. This effort aims to identify opportunities for greater operational efficiency.
- **A new service level review framework** to ensure that Council's services are aligned with the evolving needs and expectations of the community.
- **Service unit planning** to identify workforce development priorities, opportunities for process improvement, and areas for financial review.
- **A development and performance framework** to support the creation of a high-performing workforce.
- **A new workforce strategy** aimed at positioning Council as a competitive employer in a challenging environment marked by skills shortages.

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

What options is North Sydney considering?

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

Option 1: Financial repair
focuses on financial repair, improvement to governance and administration, the delivery of critical infrastructure backlog projects and managing debt repayments.

Options 2a & 2b: Strength and sustainability
includes everything in Option 1 as well as delivery of community infrastructure and service priorities developed in response to widespread consultation in May and June 2024.

Option 3: Future growth
delivers everything in Options 2a and 2b, as well as additional funding to bring building infrastructure to a 'good' condition, over a ten-year period commencing in year 4.

Rate path proposals:

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

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

What does each SRV option provide?

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

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

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

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

What is a minimum rate?

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

What are the proposed changes to minimum rates?

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

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

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

Minimum rates:

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

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

What do the proposed SRV options mean for rates?

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

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

Proposed rates:

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

How can I find out more and have my say?

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

Next steps

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

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

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

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

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

INVESTING IN OUR FUTURE

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

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

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

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

WHERE WE ARE NOW

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

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

Figure 1: Our sources of income

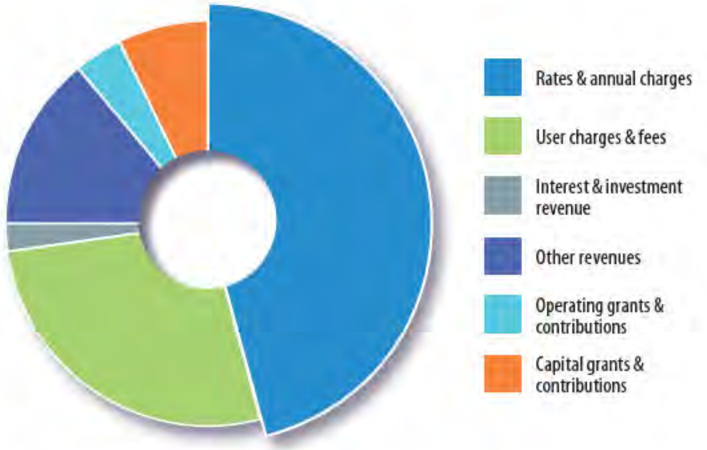


Figure 2: How the money is spent

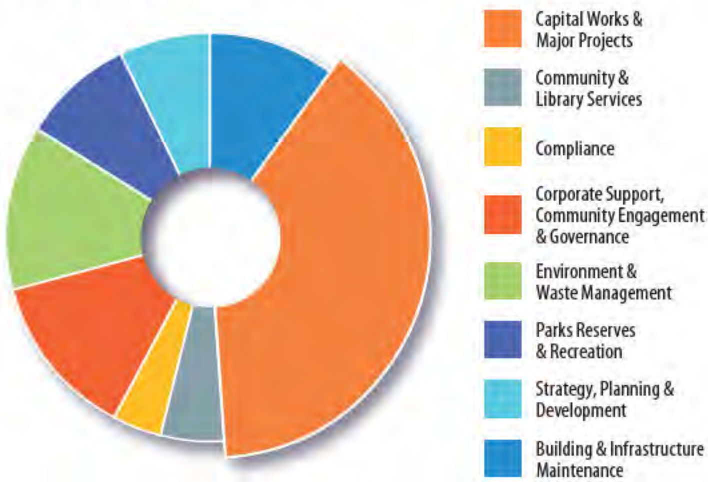
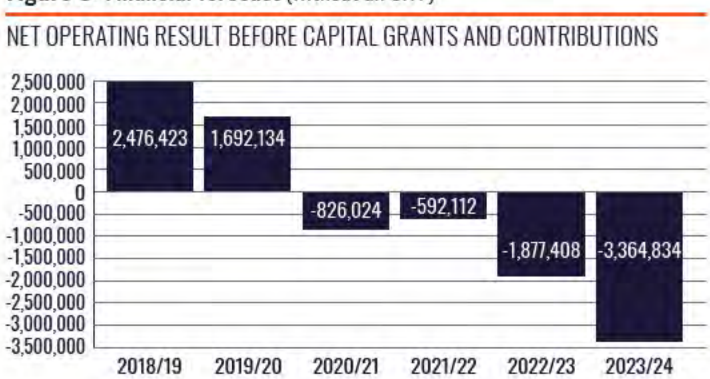


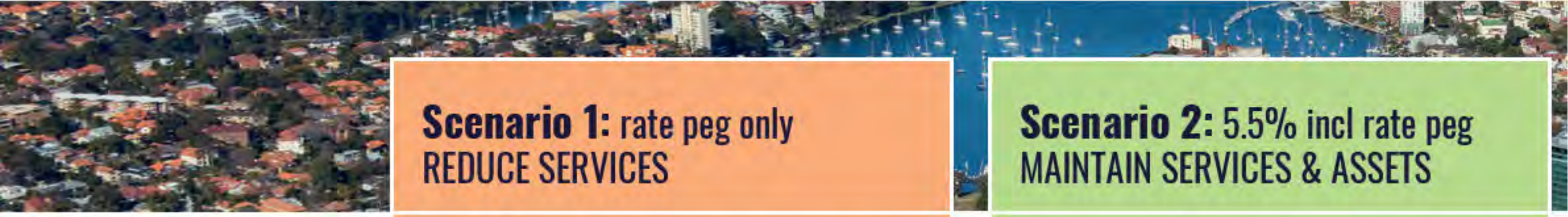
Figure 3: Financial forecast (without an SRV)



WHAT IS A SPECIAL RATE VARIATION?

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

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



Scenario 1: rate peg only REDUCE SERVICES

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

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

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

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

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

CUMULATIVE IMPACT OVER 5 YEARS ON AVERAGE RATEPAYER

	Scenario 1	Scenario 2
Residential	14.10% | $115	28.90% | $253
Business	10.60% | $521	25.20% | $1,321

RESIDENTIAL RATEPAYERS (excluding domestic waste charge and

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

BUSINESS RATEPAYERS (excluding mainstreet levies and storr

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

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

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

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

- maintain all existing services

All of Scenario 2 plus:

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

Residential 36.40% | $328

Business 32.70% | $1,764

stormwater charge)

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

nwater charge)

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

Footnote: all numbers rounded to nearest $

PROPOSED ADDITIONAL **INFRASTRUCTURE RENEWAL PROJECTS**

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

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

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

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

Proposed service reductions – Scenario 1

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

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

PROPOSED **PROJECTS**

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

Scenario 2

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

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

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

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

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

Scenario 3 ALL OF SCENARIO 2 PLUS

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

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

Kirribilli and McMahons Point villages: $1m - upgrading paving, lighting, plantings.

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

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

HAVE **YOUR** SAY

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

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

Wednesday 7 November, 6pm - 8pm

North Sydney Leagues Club, 12 Abbott St, Cammeray

Monday 12 November, 6pm - 8pm

Hutley Hall, 200 Miller St, North Sydney

Thursday 22 November, 6pm to 8pm

Neutral Bay Club, 3 Westleigh St, Neutral Bay

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

Feedback closes 16 January 2019.

How North Sydney compares

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

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

northsydney.nsw.gov.au

Published 1 November 2018

Author name: A. Clements

Date of submission: Sunday, 23 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Submission opposing rate rise in North Sydney - the residents of North Sydney LGA are mixed community that resident in Housing Commission Flats, single dwellings to High rise apartments. In the past 5 years there should have been an increase in the rate base especially with intensification of development near transport hubs. There is no reason to justify a rate increase.

Author name: A. Lim

Date of submission: Saturday, 8 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I strongly object to North Sydney Councils proposed Special Rate Variation (SRV) of 87.05% over two years, and formally request IPART to intervene by recommending that the Council be placed into administration. This request arises from serious concerns regarding the Councils disregard for community consultation, transparent governance, and accountable financial management. 1. Predetermined Outcome & Inadequate Consultation: It is clear from recent events and Council communications that the decision to impose this extraordinary rate increase was predetermined. The community consultation undertaken appears to have been merely a procedural exerciseticking a compliance box rather than genuinely considering residents legitimate concerns. Over 99% of submissions opposed the drastic rate rise, yet the Council proceeded without meaningful adjustment or acknowledgment of residents feedback. This has severely undermined community trust and highlights a significant governance failure. 2. Lack of Transparency: I attended the Council meeting, where I waited patiently for over 2.5 hours before being permitted to present my speech opposing the rate increase. Link to the recorded Council meeting on Feb 10th 2025: https://m.youtube.com/watch?v=6X3HW1IVwTc&pp=ygUcbm9ydGggc3lkbmV5IGNvdW5jaWwgbWVldGluZw%3D%3D Discrepancies between Council minutes published online and the documentation submitted to IPART raise further concerns about transparency and honesty in the decision-making process. Such actions compromise public confidence in the Councils governance and accountability. 3. Financial Mismanagement: The substantial cost blowout of the North Sydney Olympic Pool redevelopmentinitially budgeted at $64 million but ballooning to $122 milliondemonstrates poor financial oversight. Ratepayers should not be expected to bear the burden of mismanagement and inadequate planning by Council. The current council continues to deflect responsibility by attributing its severe financial challenges to previous councils. Rather than taking ownership of the current financial crisis, this Council has persistently refused accountability, a tactic that undermines public trust and prevents real corrective actions from being taken. 4. Lack of Genuine Solutions: The Councils proposed extraordinary rate increase is not a sustainable solution; it merely masks deeper structural governance and financial accountability issues. Genuine financial solutionssuch as operational efficiencies, cost controls, and transparent oversight mechanismshave not been adequately pursued or presented to the community. Recommended Action: Given these critical governance failures, particularly the failure to genuinely engage and reflect community views, I respectfully request IPART to: - Reject North Sydney Councils proposed 87.05% rate increase. - Recommend to the Minister for Local Government that North Sydney Council be placed under administration to restore proper governance, transparency, financial accountability, and genuine community representation. Thank you for considering this urgent matter.

Author name: A. Marks

Date of submission: Monday, 24 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I strongly object to NSC proposed rate increase. The claim the residents can absorb a massive rate increase is bizarre and totally FALSE!Perhaps in isolation this could be true but the inflationary impacts in the community are massive. Recent reports suggest we are paying ove r$3k a year more for groceries apart from fuel, electricity, mortgage repayments and insurance costs all of which have shown massive increases. Evidence shows that Australia has suffered the worst fall in living standards if all of the OECD countries in the past 2 years. `now the council wants to make this even worse for residents. A 90% increase is simply absurd nd shoes a total lack of commercial reality and sensitiviy to residents. the record of NCS in terms of its fiscal management and governance does not inspire confidence. Evidence being The Councils ED earning more than the PM, why are we pursuing the closure of Miller Street, for what benefit etc etc etc and so it goes on.\The Council claims dysfunction from previous councils , regardless this doesnt justify giving 4500m to a council who have completely stuffed up the N Sydney pool, with no consequences for anyone involved, the mismanagement of the bowling club site , the spurious reasons for some of the planned expenditure. The council seems to resist looking at other options to raise funding including partnerships, donations from those who can affiord, more state money and delaying non essential projects. For these reasons we are strongly opposed to the increases and would ask IPART to reject the proposal. Thank you ~Allan and [redacted] Marks

Author name: A. Robinson

Date of submission: Saturday, 1 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
As a North Sydney Council ratepayer, I strongly oppose the proposed 87% rate increase effective 1 July 2025 for the following reasons: 1. Ratepayers should not be responsible for helping the Council significantly lower its large debt. This failure to work within financial budgets is the responsibility of Council and its financial management team. The worst example of this mismanagement is the Pool Renovation which has doubled in cost. The blowout is $60million. 2. The proposed 87% increase is unprecedented, bearing no relation to past annual increases and is an attempt by Council to force Ratepayers through a huge increase. to pay down a very large portion of Council's debt. Most of that debt has accumulated over many years and Council should, as any commercial undertaking, seek bank loans and/or special financial support from the State Government. 3. In a cost of living crisis many ratepayers will be unable to meet the proposed 87% increase with their cash flows in many cases stretched to breaking point now. Fixed income ratepayers will simply be unable to pay the proposed increase in 2025 and subsequent years. Similarly small business operators, many struggling to survive, will also be pushed further into debt. 4. Council has considerable property assets and underutilised assets could be sold to generate substantial capital gains and used for debt paydown to remove the need for the proposed huge rate increase. 5. Simply put, ratepayers should not be forced to pay a staggering rate increase; to pay down a very large portion of Council's debt causing many ratepayers considerable financial pain for a large debt that was not ratepayer's responsibility. Council must seek commercial debt paydown methods and/or help from the State Government. Regards Anthony Robinson [redacted]

Author name: A. Skinner

Date of submission: Thursday, 20 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
North Sydney Council Management and Mayor (who continued from the previous Council) have been deceptive and misleading in the reason for a levy. It was NOT disclosed prior to the Local Council Election. There are many reasons relevant to opposing such a criminal increase but these include: 1. The Council financial management is very poor, and excessive salaries are paid. 2. There is little financial discipline. There is evidence in waste of resources in the way the Council operates in its entirety. 3. The Council has changed the method of accounting for assets which has "rasied" the cost by way a shorter life of assets. 4. The Council has failed to consider the non-ratepayers who are using council assets but NOT paying for the damage and use (i.e, there is an excessive number of schools in the local government, and many are extremely wealthy private schools, who cold contribute to the cost of grounds. 5. The increase in the rates is such that it will impose severe financial hardship. 6. Over the last 10 years North Sydney Council has had an increase in Commercial Office space of around 200,000 square metres if not more, and all of these new high rise buildings are paying rates. 7. Over the last 10 years there has been more than 12,000 new residential dwellings which have been build on old commercial rezone land, or old residential, these extra rates have also assisted the council. 8. The management of the North Sydney Pool re-build has been such that the Mayor, and the General Manager should be sacked and the council put into administration. 9. The Council is wasting money on "special interest projects" that bear no relevance to everyday ratepayers. 10. Consideration of the burden on North Sydney residences by the area being a major traffic zone, school and education zone, where there is no financial contribution to the sustainability of the local community that has to pay for such access.

Author name: A. Toft

Date of submission: Monday, 24 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
We as a household of 2 adults and 2 children of Neutral Bay for 20 years believe this rate rise is too aggressive and will put too much strain on residents. I understand that a rate is is inevitable, however the rise should be done in a more delicate and economically, and in touch with how rate rises have been done successfully. I would like to emphasise that regular citizens manage their own household budgets, which makes me wonder why the previous councillors were so incompetent. I would like to see future advancement in the staff who are paid a salary to have the correct qualifications and experience holding such positions. Also, contracts shouldnt be renewed if someone isnt the best person for the position. I hope the councillors have industry qualifications and experience in business, economics, IT and administration. Staff who have held on to positions due to legacy should move on to new challenges. I would like to see more cost saving rather aggressive rate hikes. Examples; - no leaf blowers - no white goods on the street fortnightly. Maybe 3 monthly - Discount for North Sydney pool if you are a North Sydney rate payer or resident. - Better contracts for operators/providers at the pool. For example cafes, restaurants, swim schools and gyms. The funds should be more favourable to the pool and north Sydney council. An economist can make a good forecast for the pools operating costs and maintenance. This will in turn create revenue for the pool and can be carried forward to the council for operating costs and future funds. - A competent grant team to seek grants in a timely manner and consistently.

Author name: A. Turner

Date of submission: Thursday, 6 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The drivers for North Sydney Council's application for a special rates variation are well justified. I do not wish to see the council become insolvent. However, IPART should: 1) Review the prudency and efficiency of the proposed costs. 2) Scrutinise the historic investment governance decisions that has resulted in structural damage to the financeability of the local council. 3) Review the level of discretionary expenditure in this rates variation and require the council to demonstrate how this aligns with ratepayer expectations. 4) Encourage the council to better support ratepayers in hardship. In my view elements of the proposal contains discretionary expenditure which should not be included in a submission with such large a bill impact without a robust demonstration of ratepayer support. That is not to say that the community does not value additional amenities, more that IPART should query the council's approach to trading off these higher service levels against rates increases. Having reviewed their engagement materials, I believe the proposed option speaks more to the preferred price path of the variation, i.e. rate payers would prefer any bill impact to be smoothed over time, rather than there being acceptability for larger overall bill impacts that include uplifts in amenities. North Sydney's hardship policy is not sound practice and is not fit for purpose until its next review in 2028/29. While this document aligns with the councils' statutory requirements and notes aged debt can be written off, it does not send the correct signal to the community that support is available. I would like to see the council offer payment extensions, payment plans and plain English guides on their website on how to receive support. Given the size of this bill impact, ratepayers in hardship with limited literacy might struggle to interpret the current policies and suffer in silence. I thank IPART for extending the review period allowing me the opportunity to make a submission and its ongoing role in consumer advocacy, particularly in rural special rates variations, whose regulatory reviews do not receive as much media coverage as more affluent areas such as North Sydney.

Author name: B. Giffen

Date of submission: Monday, 24 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Dear Council, I would urge the Council to consider the pursuit of offering naming rights to parties that would like to promote their business by putting their name to the new pool or to North Sydney Oval. Both venues have an extremely high visibility and are frequented by thousands of people every year. Once the pool opens it should be promoted nationally and internationally as the greatest location for a public pool in the world. It should be included in any tourist publication produced locally or overseas. Ensure that funds are allocated to promote it since there must follow up once it is completed. We need to shift the discussion from its outrageous cost, the length of the construction process and the non communication between the designers and the builders to something more positive. The mistakes are hopefully behind us and we should focus of building its image throughout the entire world. I still find it surprising that with the amount of new residential apartment buildings built over the last 3-5 years and new commercial buildings as well the tax base should be expanding strongly. If there are incentives to the developers to build new residential and commercial buildings such as a rate holiday or other incentives I think we need to know how they are structured. The North Sydney CBD has seen a revitalisation which is a wonderful thing. This is a first class area and should be managed in a similar fashion employing the best people we can find at the local government level. Best regards Bill Giffen [redacted]

Author name: B. Henke

Date of submission: Monday, 10 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
1) In my view the Rate rise is unreasonable and it is difficult to pay for at least half the people living in my Precinct of Harrison-Bennett. This is just one of a number of cost of living increases, like insurance, electricity, gas, internet. 2) North Sydney Council has not convinced me that such a drastic rise within 2 years is essential. Rates have been rising every year and mostly above CPI but never more than 8 % per year. As a household has to live within its means so does the Council. 3) In October 2024 I was helping with pre-voting and I saw our Mayor, Zoe Baker. She wanted to be re-elected but said nothing about the need for a dramatic Rate increase, even so she must have known what she was planning. 4) Obviously the Council does not have sufficient qualified staff or they are not being listened too. I have a degree in Economics and Financial Planning and have served on Financial Oversight Committees before. 5) If there are so many items on the wishlist the Budget process has to start with a Zero-Increase Income and has to list priorities which can be completed with the available amount. Only in a second round other projects should be considered and only up to a Rate increase of 5 % per year. 6) If there are more important projects other forms of financing have to be looked into, like the sale of assets. 7) As for the extra amount for the North Sydney Pool a special Lottery should be considered, similar to the Opera House some 50 years ago. It will serve the whole of Sydney and the Tourism Industry.

I believe North Sydney Council (NSC) fails to meet IPART's conditions for the granting of a Special Rate Variation (SRV) and /or increase in minimum rates.

I enclose my submission which details the reasons why NSC's application for an IPART approved rate increase should be refused.

Criteria 1. Demonstrates the need for the additional income

A. Council reported a $13.1 million operating surplus in 2023/24 and continues to report surplus. Without a rate variation, the Council forecasts an annual CASH SURPLUS of $6.5 million to $8.5 million for the next 10 years, totalling $67 million. If this is the case, there is no justification for an SRV.

B.
[redacted], an expert in accounting and financial reporting , reviewed NSC's Report on Infrastructure and Financial reporting. He identified that up to $100 million of NSC's reported financial issues arose from a revised definition to calculate the estimated costs to bring assets to a satisfactory position for financial year 2024, a key input into the Infrastructure backlog ratio which NSC then used to justify rate increase.
NSC failed to disclose this significant change when discussing infrastructure backlogs or presenting the Infrastructure backlog ratio.

Failing to disclose this change while using its outputs to justify rate increases erodes transparency and trust and raises ethical concerns.

C. North Sydney's population and building stock is growing, which should expand the rate base and allow for a reduction in rates, not an increase.

D. The 2024 Annual Report indicates 2 benchmarks -*Operating performance ratio* and *Asset maintenance ratio* were slightly missed. All other benchmarks were met and exceeded.

The *Operating Performance Ratio* can be repaired by better containment of operating expenditure within operating revenue. NSC has not demonstrated cost control.

A comparison with other metropolitan councils shows that NSC has adopted a definition that differs significantly from standard practice across Sydney. On average, NSC's estimated cost to bring assets to an agreed level of service is more than twice that of other Sydney Metropolitan councils. As concerns North Sydney Pool, it is a capital investment. Under standard business practice, its funding should rely on long-term financing or the sale of other assets. Planning to fund a non-recurring expense through recurring revenue – such as a permanent rise- demonstrates a lack of financial prudence and does not align with sound financial management principles.

Criteria 2. Community awareness and engagement

A.

NSC public consultation was held over the Christmas – New Year holiday period. This contradicts best practice for local government consultation and restricts the community's involvement in material with the proposed SRV.

NSC did not allocate sufficient time for meaningful consultation

B.

Despite its complexity, nearly 900 detailed submissions to the survey were made , the vast majority opposing the SRV. There is little evidence that the Engagement Outcomes and Key Engagement Themes reflect the comprehensive feedback from community. Public outcry over the proposed rate increases led to only minor modifications .

- Only 2% of respondents supported option 2a , and yet NSC adopted this recommendation from NSC Executive at its meeting on February 10, 2025.
- 78% of respondents said they were unwilling to pay for new projects, services and initiatives outlined in the "informing strategies". And yet these remained at a cost to ratepayers of $146million and were accepted by NSC on Feb 10 2025.
- The survey was flawed as it did not have options to oppose the rate increase or advocate for a lower rate increase. Despite requests from the community to include these options in a survey, NSC chose not to alter the survey.

C.

At the February 10, 2025, Council meeting, of the 27 registered speakers who spoke, 25 spoke against the SRV, 2 spoke in favour.

The meeting concluded at 11.06 pm, yet NSC uploaded its minutes and application to IPART between 11.06 and midnight on the same night. This shows that the NSC *could not have meaningfully incorporated community feedback from the meeting into its final submission. The community feedback was disregarded. In addition, the information and feedback from residents and local businesses could not have been accurately reflected in NSC's application to IPART.*

D.

NSC conducted a workshop with 42 "demographically selected " residents. However, this group was selected from the pool which assisted NSC in the development of the Informing Strategies in May /June 2024. The group heard from proponents of the SRV, namely the Mayor and the CEO for several hours, with no devil's advocate . *Also, almost half the sample were not ratepayers.*

Criteria 3. Impact on Ratepayers

A.

NSC's rate rise would adversely affect commercial owners in North Sydney. NSC's rate rise would be out of step with NSW state pricing tribunal guidelines for reasonable rate adjustments and would place unreasonable financial pressure on commercial tenants.

Stockland states *"North Sydney has long relied on its competitive office market to attract businesses. A sudden and disproportionate increase in rates risks pushing tenants away and making the area less attractive for future investment*"

Businesses are still struggling with post pandemic pressures and issues relating to Warringah freeway construction, SHB ramp cycleway construction, metro construction in /Crows Nest and North Sydney and numerous major buildings in Crows Nest and St Leonards. These issues, as well as the increase costs in general, would make business in the North Sydney area untenable.

B.

Morrison and Low' s report uses standard measure to conclude that ratepayers (residents and businesses) have the capacity to pay the rate increase, however many of these measures are highly aggregated and hence critical evaluation is required.

NSC has not provided a revised hardship policy for those affected by the rate increase or assistance for those facing financial hardship because of this proposed rate rise.

C.

78% of survey residents indicated that they were NOT willing to pay for the *Informing Strategies*.

D.

Some points from the 2021 Census:

- 15.3 % of the LGA have household income of less than a$1,000 a week
- Of Individual incomes, 24% earn less than $1000 a week and 6% earn nil income.
- 25% own their own home, 50% rent and the remainder are paying off a home. Thus, a higher percentage (75%) are exposed to pressures of interest rates and/or landlord rent decisions.

Criteria 4. Exhibition and Adoption of IP&R Documents

A.

The Council failed to consider the cost implications of their 8 "informing strategies" survey of 2024.

78% of respondents said they were not willing to pay for new projects and services.

B.

The relevant documentation, comprising eight complex documents, was exhibited. However, the engagement program (29 November 2024 to 10 January 2025) was conducted over the holiday season and hence was both untimely and ineffective. Ratepayers were presented with a fait accompli. In 2024, NSC revised its eight "needs" strategies without considering their cost implications, causing the LTFP to lag. Local Government Integrated Planning and Reporting guidelines require financial strategies to inform key strategies and plans during development. The LTFP has been designed so that more than $60 million is allocated to Informing Strategies in the first three years. It is significantly front ended when NSC has pressing financial, asset, operational and executional matters with which to deal.

Criteria 5. Productivity and cost Containment.

A.

The claim of "*a comprehensive program of review and improvement to ensure the effective use of funds"* is inconsistent with the NSC's proposed operational budget.

B.

NSC has claimed $2.4 m of savings annually in its Organisational Improvement Plan however this has not translated into operational expenditure in the North Sydney LTFP. Of note, the NSC appears to be increasing its forecast operational expenditure significantly through to 2035 with no apparent reason, including additional staff and resources.

C.

NSC Council has not proposed other cost options such as sale of underperforming assets. There is no quantifiable evidence that NSC has implemented a continuous improvement framework to identify and implement ongoing productivity and cost containment strategies.

CONCLUSION

I believe that North Sydney Council fails to meet IPART's conditions for the granting of a Special Rate Variation.

In the future, ratepayers should be provided with clear disclosure that North Sydney Council has taken concrete steps to address inefficiencies, reduce unnecessary expenditure, and implement stronger financial oversight before seeking an SRV.

It is essential that Council focus on delivering necessary services, funding capital works and maintaining a skilled workforce. The SRV proposal is undermined by the lack of strategic clarity and sound financial planning.

North Sydney Council has failed to be transparent in its actions and words and ratepayers are concerned that additional funds may result in increased internal reserves but not increase services and productivity.

SUBMISSION TO IPART

NORTH SYDNEY COUNCIL

APPLICATION FOR A SPECIAL RATE VARIATION AND A MINIMUM RATE INCREASE

By Chris Bowdler
Resident and ratepayer

24 March 2025

Contents

EXECUTIVE SUMMARY

Context

North Sydney Council (NSC) was established in 1890. It is a small inner-city council with an annual operating income of $160 million and a staff of around 360 (full-time equivalent). Its 72,000 residents live in an area of just 10.5 sq kms. 70% live in high density dwellings, paying 60% of residential rates. More than half the households are renters. It has a significant high-rise CBD covering 1.5 sq kms, with businesses paying 40% of total rates. NSC's population has only increased by 10,000 over the past 20 years and a 7% increase in population is predicted over the next 10 years, living predominantly in high rise. There are several non-ratepaying private schools and a university within its boundaries. Infrastructure includes the usual community buildings, depots, ovals, pools, roads, footpaths and gutters. Many other Sydney councils manage in similar environments, and many with larger areas and significant CBDs have comparatively cheaper rates.

A rate increase of between 65% to 111% was proposed without prior notice in November 2024. The significant rate increase was not debated during the last council's term. Nor was it an issue during the council election held on 14 September 2024. Funding of revenue shortfall and backlogs of asset maintenance were not raised. The timing and extent of the claim for increased rates has led many ratepayers to interpret council's approach as opportunistic.

Is it prudent to be asking ratepayers for such a significant rate increase with cost of living pressures and economic uncertainties? Is it time for an ambit claim supporting expansive programs?

Residents understand the dimensions of the pool cost blowout and that council is under cost pressures, and that services are only likely to be expanded in a circumspect way.

IPART (Independent Pricing and Regulatory Tribunal) assesses council's approach against criteria that require an SRV (Special Rate Variation) to be well articulated, carefully staged and connected, consultative and debated within needs and financial contexts, with its results being reasonable and yielding.

This submission substantiates the many factors that add up to failures against the criteria. The approach looks below the surface of council's claims. Arising from this are recommendations for much smaller rate increases to that proposed.

Conclusion

NSC's application for an SRV fails when assessed against IPART criteria. It:

- **Fails to advance a case the for need for such a high rate through integrated planning and reporting (IP&R)**, with findings of: council not applying the IP&R framework and principles of sound financial management, especially to the LTFP (Long Term Financial Plan) and informing strategies; an SRV proposal unnecessarily and excessively exceeding most OLG (Office of Local Government) financial performance benchmarks; a past focus on the Olympic pool overrun at the expense of the larger picture of financial sustainability; neglect of asset maintenance; concerns about the council's financial competence based on past performance, as the council went from being in a sound position in its 2022 LTFP to being in a financially unsustainable position in 2024's LTFP without debate; an ambit claim taking NSC's from one of the lowest rate paying councils to one of the highest; residential ad valorem ratepayers paying more than minimum ratepayers for much the same service.

- **Fails to demonstrate that the impact on ratepayers is reasonable**, supported by findings of: overstatement of capacity to pay by omitting from analysis compulsory charges to ratepayers of 10% to 25% of annual rates bills; the capacity to pay report not distributed to ratepayers during consultation period; understatement in the report on the impact on renters who make up over 50% of households; council undermining the report by subtracting $100 from the initially proposed residential minimum rate when the report finds a capacity to pay the higher figure; willingness to pay claims contradicted by negative feedback from ratepayers in surveys.

- **Fails to prove engagement with the community on the proposal**, with findings of: council's consultation process being rushed and poorly timed, treating ratepayers with disdain; council promoting its approach as strategic, when in reality it masked financial failings that should have been debated by the last council; council staff secretly working on the SRV proposal from June 2024 with the assistance of consultants through to the election in September, culminating in the proposal being put to council in November; it is not known who of the four councillors carried over from the previous council were involved in the secretive preparation of the proposal; only 1059 individuals provided direct feedback to council with most unsupportive of the large rate increases (only 5% of on-line survey respondents supported option 2a, council's preferred option); council not offering lower level rate options ignored IPART guidelines, confirming an orchestrated and unyielding approach; council lodged the SRV application with IPART on the night of the council meeting with minutes not including what community members had said and council's consideration of them, further indicating that council was going through the motions of engagement and ignoring detailed community feedback.

- **Fails to substantiate compensating cost savings**, with findings of: council does not adequately explain and quantify its past and future productivity improvement and cost containment strategies; patchy commitment to a continuous improvement framework to identify and implement ongoing productivity and cost containment strategies not producing significant gains; small amounts identified from savings and improvements are offset by other costs; the indifferent record is likely related to council's record of poor financial management over recent years; savings programs should be increasing with more ambitious targets as council's operating and capital expenditure increases; council has not actively consulted with the community on making specific savings.

- **Fails to apply a transparent and accountable process from preparing to submitting the SRV application**, with findings of: a timeline of events from across the four criteria above identified a coordinated approach within council against due process and public interest; work was undertaken in an opaque manner from June 2024 on a possible SRV; consultants appointed to assist with the SRV proposal during caretaker mode before the new council was sworn in; NSC's poor financial performance not debated at council meetings before council election on 14 September 2024; without prior notice, at the first full meeting of the new council, an SRV proposal is presented, along with a huge amount of supporting documentation; an opportunistic approach to mask over the lack of a staged approach to debate financial issues and consult with the community on options; a constant was the new executive staff and the four carryover councillors in the preceding months; council debate over the pool cost overrun was extensive and council could have just sought a temporary SRV funding it; without any earlier debate council sought a permanent SRV only after debate at the new council's first full meeting; there was limited engagement and options as consultation was rushed over a holiday period with detailed information to consider; feedback was ignored and many explanatory FAQs were added to the council's website to explain many gaps in the approach; council lodged the SRV application with IPART on 10 February within an hour of the council meeting ending, 4 days before the deadline, providing more evidence that council were walking a tightrope and had reached the limit of their credibility, and were likely exhibiting paranoia.

Recommendations

The ambit claim by NSC should be reduced.

The solution is to approve a temporary SRV for the repayment of pool overrun loans and, additionally, consider a permanent SRV significantly reducing option 1.

<u>Pool overrun temporary SRV</u>

The Olympic pool overrun is well debated and accepted. It is a one-off capital project and should not be funded through a permanent increase in rates as proposed by council. To address the impost on council, IPART should consider a temporary SRV.

If IPART accepts the additional pool related loan of $10 million, the temporary SRV would go to funding the outstanding loans of approximately $60 million. IPART financial modelling would determine the cumulative temporary rate increase and the number of years. As indicated in section 1.11 this could be a temporary SRV of around 10% cumulative limited to 5-6 years.

<u>Reduced permanent SRV</u>

IPART should consider a smaller, permanent SRV to assist with underlying systemic issues, and having considered the impact of the temporary SRV. The underlying issues include: bringing infrastructure backlogs up to level 3 in the long term, strengthening finances to the minimum extent necessary, minimum funding for improvement/governance projects, some assistance for the funding of infrastructure renewal and keeping funding of informing strategies projects at current levels.

The imbalance between high rates paid by ad valorem residential ratepayers and the comparatively lower rates paid by minimum residential ratepayers should be addressed by IPART when considering the minimum rate increase.

The exact calculation of the reduced permanent SRV will be the result IPART's financial modelling of the council achieving financial performance ratios, not exceeding them excessively. The example provided in section 1.13 indicates how the permanent cumulative increase could be reduced to about a 25-30% cumulative increase in rates, likely over 2-3 years.

ASSESSMENT AGAINST CRITERIA

1. Criterion: Financial need for rate increase

1.1 IPART criterion

IPART requires that councils must demonstrate a clear need for higher increases to rates that must be clearly articulated and identified in the council's Integrated Planning and Reporting (IP&R) documents, particularly its Delivery Program, Long Term Financial Plan (LTFP) and Asset Management Plan.

1.2 Inaction on financial sustainability

Recent NS councils have been negligent in their financial management. Since covid, revenue from fees and charges has been declining. At the same time the asset maintenance backlog has been increasing. During the past council, councillors largely **ignored sound financial principles** and overall financial sustainability, while being overly focused on the Olympic pool cost increases. Warnings in financial reporting to council about financial sustainability concerns were not debated at council until late 2024 following the election. The council did not display financial competence during this period. It was late to recognise financial needs.

The **attachment** to this submission lists advice the council received about its underperforming financial position during 2023 and 2024.

1.3 Magnitude of rate increase

The sheer magnitude of the increase proposed requires a very convincing case of financial need in support of it.

Under the initial SRV proposal, the average residential and business rate increases under option 2a would be:

Period	No SRV increase Av. residential rate*	SRV increase Av. residential rate	Increase %
2024/25	$1,040		
2025/26	$1,048	$1,511	44%
2026/27	$1,080	$1,888	75%
2027/28	$1,112	$1,945	75%

Period	No SRV increase Av. business rate*	SRV increase Av. business rate	
2024/25	$6,724		
2025/26	$7,396	$10,601	39%
2026/27	$7,618	$13,251	74%
2027/28	$7,847	$13,648	74%

Table– Draft LTFR Page 32 & Council Meeting 25 November 2024 Agenda paper p10
*including levies

A case for a very high rate rise is not made, but there is an underlying case for small rate increases.

1.4 Delivery Strategy

The NSC Delivery Plan 2022-2026 adopted in June 2022. It was not updated to support the SRV application as expected by the application of the IP&R framework. Council will not update the plan until late April 2025.

1.5 Integrated and Reporting (IP&R) Framework

The application of the OLG issued IP&R framework by Council has **not followed the IP&R framework** guidelines issued by the Office of Local Government (OLG). By not focusing on the LTFP and not updating it, the council has not followed principles of sound financial management.

Before the recent update, the LTFP was last updated two years ago. That plan found the council to be in a sound financial position. Two years later the revised LTFP finds council in an unsustainable financial position. The jump from an LTFP supporting a sound financial position to one expressing an unsustainable financial position is breathtaking.

An **updated LTFP did not underpin consultation on the informing strategies**, a key component of the proposed rate increase. Underlying assumptions included informing community strategies formulated with no real business case framework with reference to very approximate costs. As one councillor said at the council meeting on 10 February 2025 'they were a collection of good ideas.' See also comments in the next section.

There is also further commentary on the LTFP in section 3.6 in relation to it containing limited rate rise options, in section 1.9 on limited discussion of residential ad valorem rates and in section 2.3 on relying on a questionable cost of living/willingness to pay report.

1.6 Informing strategies

The IP&R guidelines state:

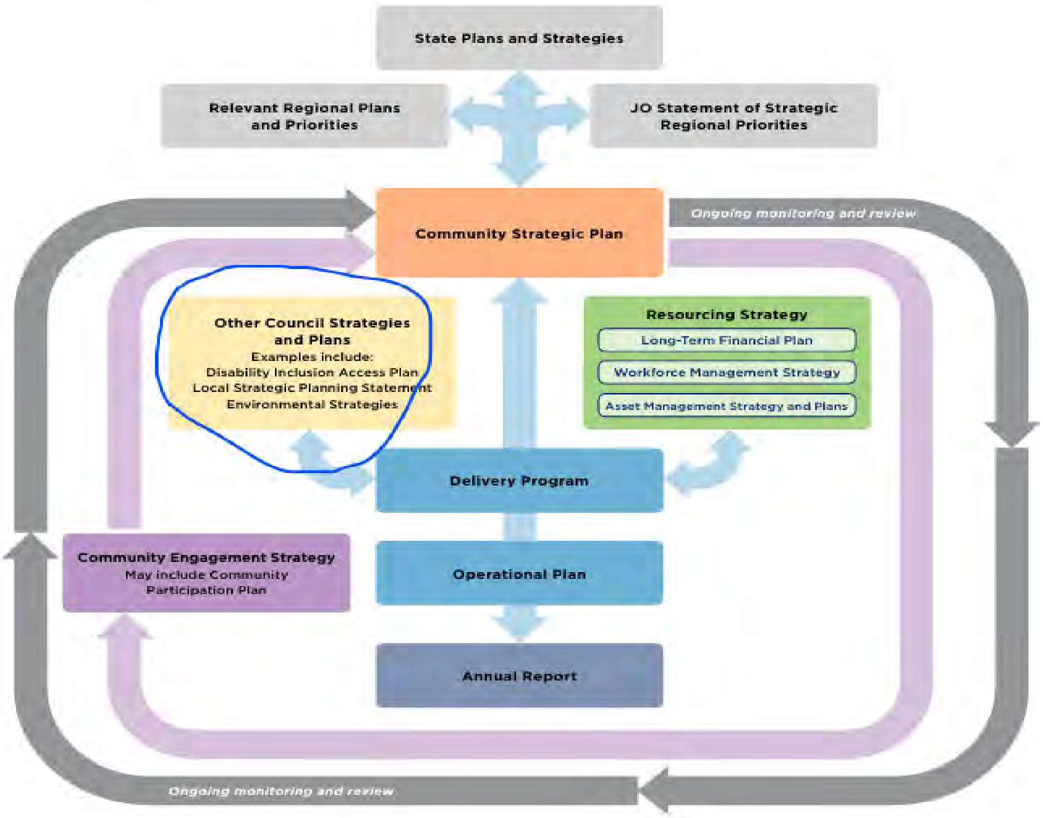
"The IP&R diagram has been updated to reflect the 2016 amendment to the Act. The Resourcing Strategy has been moved closer to emphasise **the important role that resource planning must play in delivering the council's strategic objectives**. While there is a direct link from the Community Strategic Plan to the Delivery Program and Operational Plan, this must be informed and supported by the financial, asset and workforce planning undertaken by council as part of the Resourcing Strategy."

NSC's approach to IP&R is contrary to the OLG guidelines, and possibly the Local Government Act. The development of the informing strategies was not supported with financial information as required.

It can be seen in the OLG framework below ‘Other council strategies and plans’ inform the delivery program along with the resourcing strategies.

All councils in NSW are required to work within the IP&R framework (shown below).

Figure 1: The Integrated Planning and Reporting framework



INTEGRATED PLANNING & REPORTING GUIDELINES

The council’s approach is shown in the following figure from their latest Community Strategy Plan. As depicted, **their approach allows informing strategies to be considered in isolation to resourcing** strategies, notably the LTFP. The non-compliant approach results in community consultation without reference to the available resources. This results in excessive community expectations and inflated informing strategies. In NSC’s case, a product of the approach is a high SRV application required to fund them.

Figure 1: Integrated Planning and Reporting at North Sydney

North Sydney Council COMMUNITY STRATEGIC PLAN 2025 - 203

The approach is confirmed in answer to an FAQ published in January 2025. Council answered:

"… we first consider what we would like our future to look like – what challenges and opportunities will we face and what are our priorities and goals? From there, we work through the resources required to achieve these goals and then develop the financial strategy to help us realise these aspirations …
When **we realise the cost of our aspirations**, we find ourselves at a decision point, can we generate sufficient funds to realise these aspirations."

The impact of the deviation in approach is significant. The focus on assessing community needs **should have been informed by how they would be funded**. This would have resulted in a more balanced approach addressing what the community wants and how much they are willing to pay for it. The result, in the strategies, is a lack of costed priorities for community programs, not allowing them to be assessed in terms of staged implementation over years. A further complication was the lack of a current LTFP at the time when the community consultation on the informing strategies took place in May and June 2024. The draft revised LTFP was presented in late November 2024.

The 8 informing strategies are estimated to require an additional $192.2 million in rate revenue over 10 years. Total estimated funding is $286,125. The amount identified for the new informing strategies is 35% of total rate funding sought ($192k/$544k). The following figures are incorporated in the LTFP.

Strategy	Total estimated funding ($000)	Grants ($000)	Developer Contributions ($000)	Additional rates revenue ($000)
Open Space and Recreation	$112,835	$39,915	$8,911	$64,009
Integrated Transport	$38,995	$18,861	-	$20,134
Social Inclusion	$37,961	-	$1,200	$36,761
Culture and Creativity	$16,570	-	$500	$16,070
Environment	$12,609	$1,500	$253	$10,856
Economic Development	$45,550	-	$22,750	$22,800
Governance	$21,165	-	-	$21,165
Housing	$440	-	-	$440
TOTAL	**$286,125**	**$60,276**	**$33,615**	**$192,234**

From: 10.1. Informing Strategies - planning for our next 10 years - Council Meeting 10 February 2025 Agenda paper

The services and projects identified in the **informing strategies are discretionary**. This is illustrated in Option 1 which treats spending on informing strategies as discretionary expenditure:

"… no allowance has been made for costs associated with new/expanded services, initiatives and projects outlined in the Informing Strategies."

In contrast, Option 2a (preferred) includes funding for "initiatives outlined in the Informing Strategies."

IPART should treat funding for informing strategies as discretionary and poorly substantiated financially, and not supported by application of the IP&R framework.

More is said about informing strategies under the Engagement criterion in sections 2.5 and 3.5.

1.7 IPART's benchmark operational ratios

IPART's consideration of SRV approvals has tended to focus on councils achieving financial performance ratio benchmarks, not exceeding them unreasonably.

As can be seen in the table below, under proposed option 2a, **most financial performance ratios are well exceeded over the next 10 years**. It indicates that the high-rate increase should be moderated closer to benchmarks.

Table 13. Option 2A: Financial Performance Indicators (45%, 29%)

Indicator	Benchmark	2025/26	2026/27	2027/28	2028/29	2029/30	2031/32	2032/33	2033/34	2034/35	2035/36
Operating performance ratio	>0%	8.27%	17.51%	17.82%	17.70%	17.29%	18.07%	18.36%	18.48%	18.72%	18.89%
Own source operating revenue ratio	>60%	93.19%	94.14%	94.32%	94.47%	94.61%	94.76%	94.90%	95.05%	95.19%	95.32%
Unrestricted current ratio	>1.5	1.14	1.77	1.65	1.65	1.53	1.76	2.18	2.61	3.32	4.20
Debt service current ratio	>2	8.17	9.84	10.38	10.75	12.48	13.84	14.45	15.01	15.64	16.16
Cash expense cover ratio	> 3 months	7.84	8.71	10.97	11.19	11.70	12.07	13.10	14.46	15.78	17.42
Buildings and infrastructure renewal ratio	>100%	82%	94%	146%	142%	141%	140%	140%	140%	140%	139%
Infrastructure backlog ratio - condition 3	<2%	8.85%	8.82%	8.01%	6.61%	5.92%	5.22%	4.51%	3.78%	2.74%	2.02%
Infrastructure backlog ratio - condition 2	<2%	33.86%	34.48%	33.93%	30.52%	30.12%	29.84%	29.60%	29.34%	26.46%	26.21%
Asset maintenance ratio	>100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

LTFP p32

As shown below, Option 1 in the LTFP also has ratios largely greater than benchmarks. It too can withstand reductions in the proposed rates to better reflect OLG financial performance expectations. It has the benefit of **excluding funding of informing strategies**.

Table 9. Option 1: Financial Performance Indicators

Indicator	Benchmark	2025/26	2026/27	2027/28	2028/29	2029/30	2031/32	2032/33	2033/34	2034/35	2035/36
Operating performance ratio	>0%	12.21%	12.87%	14.08%	14.37%	14.98%	15.71%	15.94%	16.19%	16.37%	16.59%
Own source operating revenue ratio	>60%	93.31%	93.60%	93.87%	94.04%	94.20%	94.36%	94.52%	94.67%	94.82%	94.96%
Unrestricted current ratio - adjusted		1.62	2.16	2.29	2.48	2.70	2.98	3.27	3.60	4.14	4.94
Debt service current ratio	>2	9.32	8.11	8.73	9.05	10.71	11.82	12.28	12.76	13.24	13.66
Cash expense cover ratio	> 3 months	8.04	10.27	12.27	13.09	14.11	15.20	16.27	17.34	18.37	19.58
Buildings and infrastructure renewal ratio	>100%	82%	94%	148%	144%	144%	144%	144%	144%	144%	144%
Infrastructure backlog ratio - condition 3	<2%	8.89%	8.90%	8.17%	6.80%	6.14%	5.44%	4.72%	3.95%	2.87%	2.12%
Infrastructure backlog ratio - condition 2	<2%	34.01%	34.82%	34.62%	31.37%	31.25%	31.10%	30.92%	30.71%	27.73%	27.52%
Asset maintenance ratio	>100%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

From: LTFP p27

Financial performance indicators for annual peg rate increases, below, indicates some underperformance. For example, the Operating performance ratio is below benchmark, as are infrastructure ratios.

Operating performance is a measure of income coming in and expenses going out, excluding capital contributions. NSC peg related analysis indicates the OPR will just miss meeting the benchmark over the next 10 years applying existing rates levels from 2025-26. This indicates it will struggle to have sufficient cash to cover its costs by a small percentage. This obviously requires attention. The solution is finding a ‘sweet spot’ somewhere between options and the pegged position, and allow a small surplus for infrastructure renewals.

The unrestricted ratio indicates the council may have problems meeting its short term obligations.

The cash expense ratio indicates that council will have enough cash to pay expenses.

The infrastructure renewal ratio (IRR) measures assets being kept near or in excess of their original condition. Under the peg rate it is not met and under option 1 it is exceeded. Balance is required here, with attention to funding the Olympic pool cost overrun. (It is worth noting that aside from rate peg increases, rates can also be adjusted every three years when council receives the Valuer General's land valuations.)

By not meeting any of the backlog ratios in any of the tables, council is committed to **addressing the issue over the long term.** This appears the best way to deal with it effectively within the bounds of a reasonable rate raise.

Table 4: Financial Performance Indicators

Indicator	Benchmark	2025/26	2026/27	2027/28	2028/29	2029/30	2031/32	2032/33	2033/34	2034/35	2035/36
Operating performance ratio	>0%	-4.32%	-3.64%	-3.00%	-2.92%	-2.88%	-2.86%	-2.85%	-2.86%	-2.87%	-2.91%
Own source operating revenue ratio	>60%	92.08%	92.32%	92.55%	92.74%	92.92%	93.10%	93.28%	93.44%	93.61%	93.77%
Unrestricted current ratio	>1.5	0.83	0.67	0.52	0.37	0.20	0.01	-0.18	-0.37	-0.61	-0.83
Debt service current ratio	>2	4.63	4.02	4.24	4.35	5.02	5.38	5.51	5.64	5.77	5.86
Cash expense cover ratio	>3 months	8.08	8.29	8.54	8.82	9.09	9.28	9.42	9.53	9.63	9.78
Buildings and infrastructure renewal ratio	>100%	71%	72%	75%	75%	77%	78%	78%	77%	77%	76%
Infrastructure backlog ratio - condition 3	<2%	9%	9%	9%	9%	9%	9%	10%	10%	9%	10%
Infrastructure backlog ratio - condition 2	<2%	33%	34%	36%	33%	35%	36%	37%	38%	36%	37%
Asset maintenance ratio	>100%	90%	83%	77%	72%	68%	64%	60%	57%	54%	51%

From LTFP p13

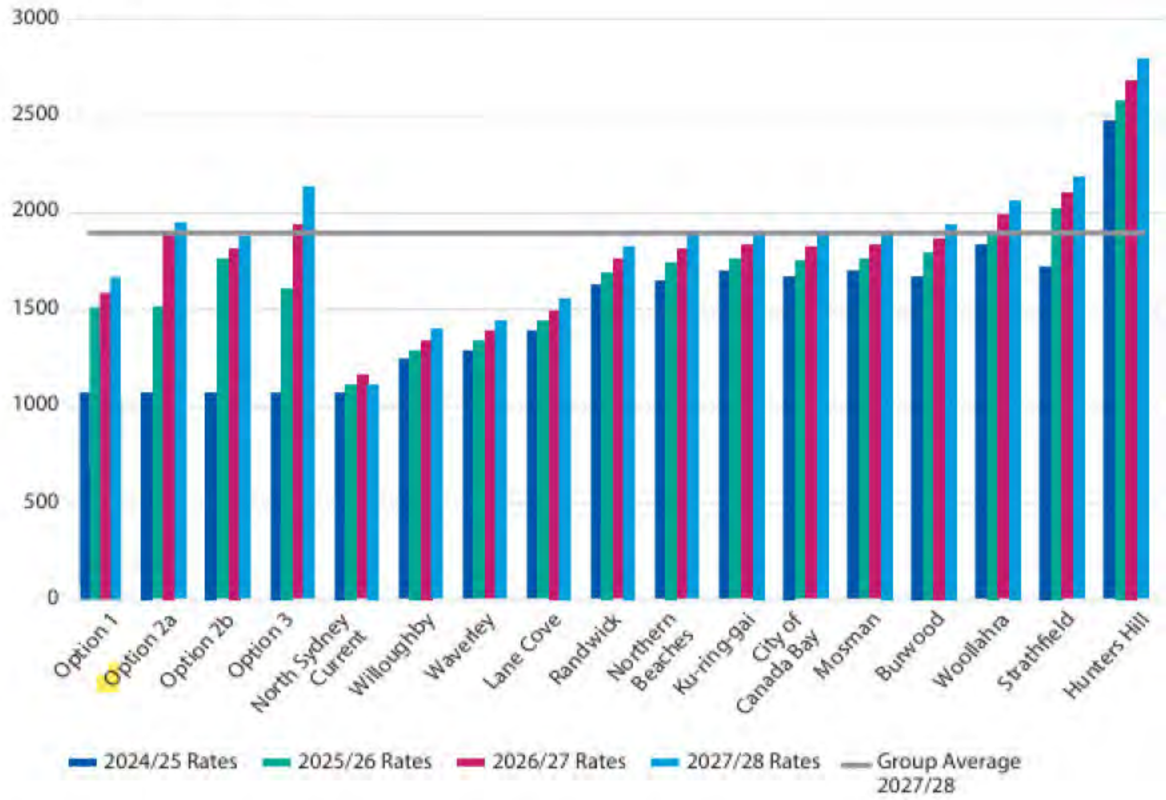
IPART should look to bring council within reasonable bounds of OLG key operating ratios.

<u>1.8 Rates comparison</u>

Just because residential rates are comparatively low, or on par, does not mean ratepayers should pay much higher rates.

As indicated in the graph below, the SRV application (option 2a) **takes NSC from the bottom of comparisons to near the top of them**. The graph below is from the draft LTFP included in council agenda papers for their 25 November 2024 meeting. The graph was conveniently omitted from the final version of the LTFP submitted to the 10 February 2025 council meeting, and is excluded from the LTFP submitted to IPART. One suspects it was believed to be contrary to tactics, making option 2a look excessive.

Figure 4. Comparison with options



If NSC is granted an 87% cumulative rate rise, its annual operating revenue will rise to $185 million from $150 million. A similar, and neighbouring council, Willoughby Council has annual revenue of just over $146 million even though it has nearly 10% more population than North Sydney, and more than double the land area. The higher rates also reduce the competitive edge of North Sydney businesses who face stiff competition from surrounding areas like the City of Sydney and Willoughby Council.

The magnitude of NSC's proposed residential and business rate increases are also problematic when compared to City of Sydney and Parramatta councils that were **omitted** from the above comparison.

Residential and Business 2024-25 minimum and NSC proposed

Base amount	NSC – current	NSC - proposed	City of Sydney	Parramatta
Residential	715.24	1,200.00	668.50	709.35
Business CBD	715.24	1,400.00	855.50	809.92

<u>1.9 Inequity remains for residential ad valorem ratepayers</u>

Council's analysis indicates that in relative terms residential ad valorem ratepayers pay more in rates than residential minimum ratepayers.

As illustrated in the table below, ad valorem ratepayers will own 21% of residential properties in 2025-26 (compared to 79% of minimum residential ratepayers) generating 39.5% of revenue in 2024-25 (compared to minimum residential ratepayers 60.5% of revenue).

The proposed option 2a reduces ad valorem revenue in 2025-26 to 35% (from 39.5%) and increases minimum to 65% (from 60.5%). Total revenue in 2026-27 generated is 35% residential and 65% minimum residential.

However, inequity remains between ad valorem and minimum residential ratepayers. This is because 21% of residential ad valorem properties are generating 35% of rate revenue when receiving similar council services to minimum ratepayers.

	Number of residential properties 2025/26	Total revenue generated 2024/25 (adjusted for levies)	$ increase 2025/26 with SRV	% increase 2025/26 $	Total revenue generated 2026/27	% increase 2026/27
Minimum category	29,234 (79%)	$23,213,664 (60.5%)	$35,072,064 (65%)	51%	$45,242,963	29%
Ad-Valorem category	7,684 (21%)	$15,214,583 (39.5)	$18,834,056 (35%)	24%	$24,295,933	29%
TOTAL	36,918	$38,428,247	$53,906,120	40%	$69,538,896	29%

From SRV agenda paper 10/2/25

The **inequity between residential ad valorem ratepayers and residential ratepayers should be addressed** by IPART when considering the minimum rate increase. The ratios should, at least, be reduced by 5% to 30% of revenue and increased 5% to 70% of revenue respectively.

See the Reasonableness criterion section 3.4 for further commentary on ad valorem ratepayers.

1.10 Maintenance backlog

Now, suddenly, ratepayers are being asked for large rate increases to maintain assets. Underlying this is poor financial management by council that has allowed assets to downgrade to a critical extent.

In the past Council has reported a 'cost to bring to satisfactory condition' that assumed those assets in 'poor' condition (category 4) were acceptable by the community. The LTFP now goes one step further requiring **assets in poor condition to be brought to a satisfactory condition** (category 3). This increases previous backlog estimates.

The proposed increase will not meet the desired IPART/OLG infrastructure backlog ratio but goes someway to improving it. As illustrated in the tables above from the LTFP, SRV option 1 and 2a (preferred) take a similar approach to the backlog; although option 2a is slightly more aggressive tackling the backlogs in categories 2 & 3. Council did not support option 3, that provides for funding to bring building assets up to a 'good' condition from year 4, as it imposed a greater financial burden on ratepayers. The council has stated "...we did not think it was reasonable to inflate the backlog to this extent. Instead, we opted to use the standard of 'satisfactory/fair' (category 3) as the condition to aspire to, rather than 'good' (category 2)."

The estimated cost to bring infrastructure to a satisfactory condition is $136 million.

1.11 NS Olympic Pool – a sad, major capital project

There was an independent review of the Olympic pool's construction costs in late 2022, tabled in April 2023. It found that the pool embroglio stems from the decisions of council in late 2020 when the contract was signed. The rushed process resulted in limited definition of design and scope, contributing to a contested construction stage and significant increases in costs. The cost of the pool is now estimated to be at least double initial cost of $63 million. **The cost of the pool issue was instead used to mask the broader unsustainable financial position and the council's lack of action.**

Financial reports to council during 2023-24 about significant revenue decreases and a looming backlog of necessary maintenance were not combined with the cost of the pool overrun to raise questions of council's financial sustainability and for it to become an election issue.

The Olympic pool is a long-term asset for future generations. Its refurbishment is a 'one in many generations' major capital works project for the council. The pool's opening has been delayed from late 2022 to late 2025. It is partly funded by $51 million in T-Corp loans. The pool's budget includes a Federal Government grant of $10 million and a State Government grant of $5 million.

However, the proposed SRV incorporates the funding of the capital project into permanent rates increases. **Ratepayers should not be charged for the overrun in pool construction costs in perpetuity**.

IPART should consider a short-term SRV to accelerate repayment of the pool's loans and for it to be separate from a permanent SRV to fund operational costs. In contrast to the permanent increases, the pool overrun has been well debated by council. The short-term SRV could include repayment of the extra $10 million in loans being sought by council for the pool cost overrun.

<u>1.12 Council's financial competency</u>

As pointed out above, financial oversight was not strong during the last council's term. Four councillors carryover from the previous council, including the mayor and deputy mayor.

As also referenced above, there was a two year gap between the LTFP being updated, going from a sound financial position to an unsustainable one that must be funded by one of four high rate options. In addition, an updated LTFP did not underpin consultation on the informing strategies, a key component of the rate increase.

The mayor wrote in April 2023 in response to the independent review of the construction of the pool: "I can assure you that Council's finances are sound, and the additional cost (of $30 million) can be managed without reducing service levels." The cost of the pool construction contract has risen a further $30 million since then, and an SRV of 87% is now being sought to help pay the increase.

In the SRV Fact Sheet of late November 2024, the mayor complained of a decade of financial neglect by North Sydney councils. This is the seventh year the mayor has been a councillor.

It is questionable if the four dominant carryover councillors are providing the necessary operational oversight and strategic insight to counterbalance strong administrative executives. **Has the council the abilities to effectively manage the extra responsibilities of a significant rate increase?**

The level of financial management during 2003 and most of 2024 points to an Audit, Risk and Improvement Committee (ARIC) being less then effective in its oversight of the principles of sound financial management under section 8B of the Local Government Act 1993, including oversight of the Long Term Financial Plan. A newly constituted ARIC commenced in June 2024.

There is also a concern about council officers views towards the ARIC. The agenda paper for the 10 February 2025 council meeting prepared by the Chief Financial Officer and Director Corporate Services included justification on its first page that:

“In considering the Draft Financial Statements for the year ended 30 June 2024 [*on 11 October 2025*], Council’s Audit, Risk, and Improvement Committee (consisting of three skills-based independent members) noted the need for a complete strategic overhaul of Council’s finances is urgently required to ensure the ongoing viability of the Council”.

The way in which it was included in the Executive summary portrays ARIC as a part of the executive management that takes an active role in financial management not a statutory committee ‘to the side’ of council with an oversight and advisory role. The reference and its intention were taken up by a ratepayer addressing the council meeting who asked:

> “Who are these so-called independent experts?
> What do they know?
> Where are they?
> Why aren’t they here?”

The inference and the interpretation imply ARIC sanctioned the SRV proposal, which I am sure it did not. Although the draft LTFP and SRV proposal could have been discussed as the they were nearing completion for distribution as agenda papers on 15 November 2024. The action by the two senior executives was based on an opportunistic and incorrect interpretation of governance and accountability structures and policies. The action could fail council’s code of conduct.

1.13 Adjusting the proposed SRV option

The council’s LTFP does make a case for an increase in rates to maintain its financial sustainability. However, it does not demonstrate the need for an 87% cumulative increase over 2 years. There is scope to adjust option 1 and 2a, and **significantly reduce the size of the rate increase**.

The additional rate income to be received over 10 years is estimated to be $544 million. Based on the above commentary under Criterion 1, the amount can be reduced considerably as shown below in the table. The example, reduces the permanent increase to approximately 25-30%. The final reductions should be worked through by IPART and its financial analysis and modelling. IPART’s consideration should adjust for a temporary pool SRV. Renewals to be delayed could include the expanded open space in Crows Nest, Cremorne Plaza and Langley Place upgrades, and the completion of the Balls Head Quarantine site.

Component	$m proposed SRV	%	$m adjusted SRV	%
Informing strategies, upgraded or new infrastructure	94	17	-	-
Informing strategies operating costs	65	12	5	2.5
Infrastructure renewals (largely pool)	108.5	20	25	13
Infrastructure backlog	136	25	136	70
Financial strength - repairing deficit	32	6	5	2.5
Financial strength - rebuilding reserves	108.5	20	24	12
	544	**100**	**195**	**100**

2. Criterion: Reasonable impact on ratepayers

2.1 IPART criterion

Under the reasonableness criterion, IPART require the SV proposal to demonstrate the council's consideration of the community's capacity and willingness to pay rates at levels above the projected rate peg. This implies that the SRV should result in a reasonable increase and for the proposition to be well articulated.

A consultant's report to council concluded the NSC community has both capacity and willingness to pay the proposed rate increases.

However, the examination below indicates that the council does not demonstrate that the impact of the proposed SRV on ratepayers is reasonable.

2.2 Compulsory charges omitted from consideration of reasonableness

The council's capacity to pay analysis omits compulsory charges included in annual rates from its analysis. The omission is significant as the analysis understates the impact of rate increases on ratepayer's capacity and willingness to pay.

The omission is mandatory garbage and stormwater charges included in rates notices. They are a significant impost on capacity and willingness to pay. The charges are set by council with oversight by OLG. At present the general charge is $471 pa for a red residential bin, with a 50% discount for pensioners. There are also charges for larger bins and it is possible for multi-unit dwellings to aggregate. The stormwater charges vary between residential $25 & $12.50 and for business between $25 & $5. They are likely to increase next year when a new garbage contract is required. I estimate that the charges add between 10% t0 25% additional to an annual rate bill overall.

2.3 Capacity to pay

The council fails to demonstrate in its capacity to pay analysis that the impact on ratepayers is reasonable.

A significant omission by council meant that ratepayers were unable to assess the reasonableness of capacity to pay. The **important and essential report was not made available to residents** during the consultancy period of December/January. The report was made available in February 2025. See more on this under the Engagement criterion, section 3.9.

Overall, the capacity to pay report's approach is perfunctory and has the empathy of an AI written report. It fails to clearly address the impact of cost of living pressures and how this has reduced capacity. The studies used in the analysis use aggregated figures and projected estimates of past years to undertake specific analysis of North Sydney residents and businesses.

The report by consultants Morrison Low contains several claims inconsistent with its conclusion that undermine it.

- The analysis suggests the impact of its proposed rate rises on residential ratepayers in the Urban-North and Urban-South East areas **is not reasonable**, given it found these ratepayers have higher levels of disadvantage and may have reduced or limited capacity to pay.
- At an overall level, North Sydney's average business rates currently sit towards the higher end (using 2023 OLG time series data) when compared against comparable councils. Under the proposed scenarios, **business rates will move to the top end** of this grouping of comparable councils.
- The 'lone person' and 'one parent family' households are considered to be **more vulnerable to the impacts of rate increases** due to a reduced/singular income stream. Combining these categories together into an 'at risk' group shows that across the LGA as a whole, the at-risk group makes up 43% of the population, this notably higher than the average for the NSROC (32%), Greater Sydney (33%) and NSW (34%). It is the lone person grouping that causes this increase within the North Sydney LGA, as it forms a 37% proportion of households.
- The direct impact of a change in rates will be felt by homeowners, whereas **renters are not expected** to experience such a direct increase due to the nature of lease agreements, however there is a likelihood of rate increases being passed onto tenants by property owners over the longer term.

This last point is worthy of further comment. It is a denial of reality and understates the impact on renters. According to the Real Estate Institute the LGA has over **50% of households are renters** who will have the increase passed on the them, even if delayed by months.

North Sydney is frequently reported just below averages and from this are judged to have ample capacity to pay. For example:

- Kirribilli-Milsons Point-McMahons Point – has the lowest proportion of dependents (8%) and the **highest proportion of retirees** (30%), which is notably above the North Sydney LGA, NSROC and Greater Sydney averages (22%, 23% and 20% respectively).
- The Socio-Economic Indexes for Areas (SEIFA) measure for North Sydney Council area is lower than many of its surrounding areas. So called parents and homemakers are 25% of the population and the young workforce 21%. **These residents are particularly hit by cost of living pressures.**

2.4 Council's contrary decision

Council's preferred revised option makes a reduction in the proposed minimum residential rate from $1300 to $1200 for cost of living concerns. The **reduction is contrary to the consultant's report**, accepted by council, that concludes there is an excess of capacity to pay. Council does not substantiate the reduction with analysis. The decision tends to corroborate the **cost of living analysis underestimating the extent of cost increases on residents**. Interestingly, council did not make a similar reduction in business minimum rates.

2.5 Willingness to pay

The willingness of ratepayers to pay the increases on offer is not adequately addressed in the engagement process and its results.

One aspect of the willingness to pay is considered when an SRV is proposed to support increasing service levels or implementing new services, assets, or projects. To quote the council, in relation to the SRV survey:

"As Council's Informing Strategies do include some aspects of increased service levels, which would be funded by Options 2a, 2b, and 3, a question was included asking about the community's willingness to pay for this aspect of the SRV proposal. When asked whether they would be **willing to pay** for the component of the SRV that included the new projects, services and initiatives from the Informing Strategies that were outlined in SRV Options 2a, 2b and 3, **78% of responses said 'no'**, 21% said 'yes' and 1% did not provide a response to this question."
(From Morrison Low report on community engagement, p18)

The willingness to pay assessed through responses to the 8 informing strategies was limited due to the volume of pages to be digested and timing. This resulted in a small number of respondents. In relation to the Open Space and Recreation **only 35% of the 397 respondents supported the strategy**. For the other 7 informing strategies there were only 104 respondents (15 per strategy on average).

3. Criterion: Community awareness

3.1 IPART Guidelines

IPART guidelines require councils to communicate the full cumulative increase of the proposed special variation on ratepayers over a long period of time.

Council does not demonstrate the need for higher increases through its consultation and documentation. This is despite council claiming that it followed process.

The magnitude of the increases, alone, demanded a more consultative and timely approach with ratepayers.

3.2 'Crash through' consultation approach

Council's consultation process was **rushed and poorly timed**. Consulting with ratepayers over the holiday period December/January on the SRV was not reasonable and is inconsistent with timing and durations expected by IPART.

Council accept that their approach was rushed because it had to meet IPART's early February 2025 deadline for SRV applications. Had council been on top of its financial management, it **could have adopted a staged approach** and raised the issue mid-2024, debated it, and then consulted with informed ratepayers during planned consultation over December/January. Otherwise, council could have considered a temporary SRV for **the pool overrun as the overrun had been debated** and was reluctantly accepted by the community. Then, during 2025 council could have debated and consulted on a permanent SRV to be submitted to IPART in early 2026.

A further indicator of the rushed approach was the approval on 19 September 2024, **during the post-election caretaker** period and 5 days after the election, of consultants Morrison Low to assist with the SRV proposal process. It also indicates some alignment between carryover councillors and the CEO. This is discussed further in the next section.

The outcome of a longer consultation process would have likely been more rate options. Ratepayers should have had the choice of considering reductions or re-prioritising some council projects and services at a lower rate rise. A more visible and staged approach would have been better practice.

As it was not an election issue and not debated before the election **the current council did not have a mandate to take the rate proposal forward in such a rushed manner**.

3.3 Secrecy over early groundwork for rate increase

Ratepayers and the community were kept in the dark. The SRV proposal and approach was presented and passed at the council's first meeting on 25 November 2024. **There was no council debate on an SRV prior to the election.** The result was no exposure and consultation before the announcement.

Reporting in the press on 14 March 2025 (NS Sun) confirms work commencing by North Sydney Council executive staff well before the 14 September 2024 council election, and as early as June 2024. Council staff had also engaged consultancy firm Morrison Low to help prepare the groundwork for a rate rise.

"Documents obtained under the Government Information (Public Access) Act show that Morrison Low submitted a proposal to North Sydney Council on August 5, 2024, outlining a strategy for securing the rate increase.

The document states that the consultancy was responding to a request from Council, and a schedule included in the proposal suggests that work on the project had **commenced as early as June 2024**.

Council staff received the Morrison Low proposal 40 days before the election, yet at subsequent meetings on August 12 and August 26, did not inform councillors that preparations for a rate rise proposal were underway."

It is unclear who were the executives and councillors that sponsored studies by council staff into the rate increase during the last months of the Council before the election, and then after the election. Four councillors carried over from the previous council now have formed part the new council's leadership team. If they were involved, it raises questions around a lack of integrity and accountability.

3.4 Quantum of information for ratepayers to consume

The Council undertook community consultation only between 27 November 2024 and 10 January 2025 on the four proposed options for a special variation to rates, a revised Long-Term Financial Plan, Asset Management Strategy, Workforce Strategy and a further eight supporting strategies.

Ratepayers were overwhelmed with a very large amount of information to consider in a short time, including **in excess of 440 pages of documents**.

Significant numbers of FAQs being added randomly to the council website revealed how rushed and ill-considered the SRV approach was.

The documents used in the consultation period **did not include any detailed analysis in the SRV documents of the impact on the 23% of residential ad valorem taxpayers** who pay higher than the minimum rate. The SRV analysis related to minimum rates and average rates, nothing directly on the impact on residential ad valorem rates, except for minor mention of the inequity between the two classes of residential ratepayers. An FAQ was added late in the survey period, at the prompting of a ratepayer.

3.5 Engineered result

The survey of limited options, voluminous supporting papers and the holiday period produced the desired, biased results. Council's high SRV approach meant that it had only to make minor adjustments from 'community feedback' to amend option 2a that struck a high rate increase, conveniently, half way between the lower option of 65% and the higher option of 111%.

3.6 Denial of lower rate option

IPART guidelines:

"In establishing need for the special variation, the relevant IP&R documents **should canvas alternatives to the rate rise**. Special variation scenarios could include evidence of community need/desire for service levels/projects and limited council resourcing alternatives."

The baseline option 1 does not do this. As indicated in feedback from the survey and elsewhere ratepayers would have preferred an even lower option than 65% with alternatives to funding such lower levels of 'financial repair' and reductions to services, renewals, governance projects and the sale of properties.

Council's preferred option was a slightly reduced option 2a, from 87.5% to 87.05% cumulative over two years. However, option 2a was not a popular option:

“When asked which of the special rate variation options presented was preferred, 56% indicated Option 1, 24% did not provide a response, 9% preferred Option 3, 6% preferred Option 2b, and **5% preferred Option 2a**.” (SRV agenda paper 10 February 2025)

The council agenda paper also reported that survey respondents had: “**Concern about not being presented with a ‘no SRV’ or smaller SRV options** “. But by 10 February 2025 it was obvious to residents that a large increase was a foregone conclusion. The result of an orchestrated and unyielding process.

3.7 Limited level of actual engagement

Council received minimal direct feedback from consultation over December/January, despite them claiming they achieved a high level of engagement. Only 792 individuals completed the on-line survey, an additional 245 submissions were received via email and 22 in person or by phone**. NSC has in excess of 72,000 residents, only 1000 responded directly, with 78% of them against the SRV.** There were two community forums and a workshop of selected residents only. The level of justification of the high rate rises based on the feedback received is weak.

When feedback was received it was largely ignored. For example, 56% of respondents to the on-line survey chose option 1 (option 2a was preferred); and 78% of respondents said they were unwilling to pay an average of up to $13.50 out of every $100 of total rates income received over the next ten years on new projects, services and initiatives outlined in the Informing Strategies.

The workshop of ’42 demographically selected residents’ was a sub-group of participants from the informing strategies consultations of May/June. A significant number of them were not ratepayers. It was held on 7 December 2024 and was addressed by the mayor and staff using the SRV proposal ‘playbook’ without countervailing arguments about cost implications. Questions at the workshop were broad and aspirational, for example, ‘Do you support NS becoming an active community with space for everyone …’ When asked if the group felt the community of North Sydney would benefit from the actions within the informing strategies, the average rating was understandably 7.3/10. The **feedback from the workshop is of limited value.**

In addition, responses to informing strategies via the ‘Have Your Say’ survey were small and unconvincing. They ranged from 31 to 7 respondents, except for Open space & recreation where a specific issue had **65% of 397 respondents either being opposing or unsure about the strategy**.

3.8 Dismissive responses to ratepayer feedback

The responses by consultants/council to the many criticisms made of the SRV proposal in the ‘Have your say’ survey was dismissive – they aggregated against generalised responses in the report to council. This differed to individual responses by council to commentary made in response to the informing strategies surveys. The aggregated approach to the SRV survey allowed council to more readily **discredit the substance of the many individual respondents** who made substantial and well substantiated commentary. It supported council’s steamroller approach.

3.9 Capacity to Pay report not available

Residents were unable to fully assess the SRV proposal in an informed way during consultation over December/January as **the capacity to pay report was not released at the time**. It was not released to the public until included in agenda papers for the 10 February 2025 council meeting. It is uncertain when the report was available to the council as the report refers to option 2a as the preferred option. That decision was made some months after the draft LTFP was prepared, which states "In accordance with the requirements of special rate variation applications, a capacity to pay analysis has been undertaken in developing these options."

3.10 Rushed until the end of consultation

NSC lodged the SRV submission with IPART just before midnight on 10 February 2025. This was a short time after the council meeting was concluded. It included minutes of the meeting that were incomplete. Council had until 14 February to lodge the application.

This shows that the council majority had instantly dismissed 25 verbal submissions against the SRV application and had no intention of doing anything else but going through the 'motions' of engagement at the meeting. **IPART were not informed of the community views** at the meeting and council's consideration of them. The council officers involved in the lodging process are also implicated.

4. Criterion: Compensating cost savings

4.1 IPART guidelines

IPART requires councils to explain and quantify productivity improvements and cost containment strategies, and gains the council has realised in past years, and plans to realise them over the proposed special variation period. Strategies for ongoing efficiency measures and estimated financial impacts of the ongoing efficiency measures are to be incorporated in the council's Long Term Financial Plan.

Unfortunately, council does not adequately explain and quantify its past and future productivity improvement and cost containment strategies. As indicated below, savings programs should be increasing with more ambitious targets as council's operating and capital expenditure increases.

4.2 Claimed improvement plan achievements

Time horizon	Value
Past	$3,594,725 (claimed; limited substantiation)
Present initiatives	$1,160,000
Future possible (2 years)	$2,400,000 (**not** in LTFP)
Future reduction in pool operational overheads	$2-3 million over 10 years; $250k/yr; in LTFP, **but** related costs incurred in refurbishment unknown.
One off possible sale of properties	$5,000,000 (**not** in LTFP)

4.3 Unconvincing approach

The approach is unbalanced, with a lot more taking (rate rises), without giving (savings); and indicates a lack of focus on cutting costs. Council does outline some minor historical and proposed productivity gains. However, commitment to a continuous improvement framework to identify and implement ongoing productivity and cost containment strategies has **been patchy and has not produced significant gains**.

The **indifferent record is likely related to council's records of poor financial management** over recent years, as outlined above. This is despite, a new CEO commencing in late 2022 and an organisational review undertaken through 2023 and 2024.

4.4 Improvements offset

Small amounts of cost savings and improvements are claimed. However, much of what is identified as savings is **offset by other costs**. Council says in its IPART application:

"Organisational realignment, including the introduction of $2.3 million in required resources including new strategic roles including a Chief Financial Officer and Organisational Performance function at no increased cost to Council."

4.5 Measurement of savings

Council has **not been able to measure** initiatives in the past. For example:

"The costs of improvement to date have been absorbed within existing budgets. Over the past two years, council has actively worked towards a step change in organisation improvement efforts … While difficult to measure the total benefits of this structural change are significant …"
(NSC agenda SRV paper 10 February 2025)

Can council be trusted with achieving greater savings in the future with a larger income? Because of this doubt, IPART should consider addition medium/long term reporting responsibilities for councils seeking large rate increases. This could include better defined measures, outcomes, and reporting for new or increased programs/initiatives, including savings and productivity improvements.

4.6 Future savings

Council is not proposing cost containment strategies. In fact, **next year it is proposing to increase expenditure by $12 million to cover wages and new projects** ($57.4 million on new projects by 2028). Without a greater focus on structural reform, the justification for the SRV is diminished.

Council calculates that future improvement reviews over two years will generate a minimum of $2.4 million of benefits each year. Council's **confidence in achieving these savings is not high as they are not included in LTFP**.

In relation to a potential gain, council states that:

"Additional organisational efficiencies of between $2-3M have been embedded within the Long-Term Financial Plan (over 10 years, say $250,000/yr) through the reduction in overheads associated with the operationalisation of the North Sydney Olympic Pool and increased capital works programs."
(NSC agenda SRV paper 10 February 2025)

However, this 'efficiency gain' claim does not recognise related costs incurred during the pool refurbishment offsetting the benefits.

4.7 Sales of properties

Sales of properties is not seriously considered, with only a potential $5 million of sales being discussed. The sales are not included in the LTFP. Amongst council's property holdings is the Ward St carpark. It is a large commercially operated carpark in the middle of the CBD with a value in in excess of $ 80 million (2016).

In addition, council does not quantify gains from commercial opportunities, either past or present. It states it will explore these opportunities in the future, such as NS oval. It has also been reported that council has not fully executed the advertising contract with JCDecaux forgoing an estimated $20 million in revenue. (NS Sun 11 & 13 March 2025)

4.8 Mindset/commitment

Council is out of step on productivity improvement and cost containment strategies.

Based upon the capacity to pay, analysis undertaken by Morrison Low and council's own statements, cuts to services are not warranted. However conversely, based on the consultant's findings that residents have the capacity to pay increased rates, then **perhaps council should be charging, and recovering, a lot more for its services**. This is not explored by council.

Council states it is practice to assess potential savings through consultation with the community. (Council agenda paper 10/2/25)

However, this **consultation has not been undertaken by council in recent times on potential savings**. It should have been included as part of the SRV consultation process. It is a significant omission. As stated above, consultation on informing strategies should have included consideration of desirable projects by participants within the context of the council's financial position and what services could be redesigned to support them.

In relation to cutting services, council reports that when the demographically selected group of 42 community members were asked: 'How supportive are you of Council cutting services to reduce costs?' They **indicated willingness to cut services** with an average score 3/5. (Council agenda paper 10/2/25) But not a peek further from council on pursuing this.

5. Criterion: Other significant matter arising

5.1 IPART Guidelines

IPART can consider any other relevant matters considered relevant, dependent on their magnitude and the extent of evidence.

The additional relevant matter is that **council failed to follow a transparent and accountable process in preparing, consulting on, revising and submitting** the SRV application.

5.2 Events more than coincidence?

During the writing of this submission **connections emerged with evidence separately collected under each of the 4 key criteria.**

The events connect from the time of preparation of the SRV proposal from mid-2024 to its submission to IPART in early 2025. There is too much connected evidence across the 4 criteria to ignore. **Events can be linked to outcomes that indicate more than a series of coincidences.**

The timeline indicates that those in power in council undertook a coordinated approach against due process and public interest, initially in a very opaque way

5.3 Actions test standards

Local governments operate within a framework of rules and regulations that are designed to guide the work of councillors and council staff. These include the Local Government Act, OLG guidelines and codes of conduct.

The council's code sets out standards around actions that might bring the council into disrepute, acting improperly or unethically and abusing power. In the instance of the SRV, the actions of councillors and council staff could contravene the Council code of conduct.

In addition, the actions of council can also be assessed against OLG guidance:

"As a councillor you are expected to represent the views of the community while making decisions in their interests, demonstrate conduct that the community expects of its elected representatives, and plan and oversee the running of a significant and complex business."

Similarly, the Local Government Act 1993 requires:

"(h) Councils should act fairly, ethically and without bias in the interests of the local community."

The timeline below indicates instances where **council acted in a systematic way that did not follow fair and equitable practice**. Further investigation into this is warranted.

If appropriate, the matter should be referred to the OLG and/or the ICAC.

5.4 Timeline

Date (reference)	Incident
Late 2022 (2.3)	New council executive management appointments - CEO commenced in late 2022 and an organisational review was ongoing through 2023 and 2024; two new finance executives also appointed.
Early 2023 (1.10)	Pool overrun evident and report in early 2023 highlights continuing significant issues that receive ongoing council debate and press coverage.

June 2024 (1.2)	Work into an SRV proposal commenced June 2024 in secret, with assistance of consultants. It is unknown to what extent any councillors were involved, but as SRV is a strategic and policy issue it is quite likely. Three councillors from the previous council (James Spenceley, Ian Mutton and Jilly Gibson) have publicly stated that they were not informed of the SRV plan before the election. The work of council staff implies that discretions were being exercised in an opaque way.
During 2024 (1.2 - 1.3 & 3.2 – 3.3)	NSC financial performance not debated at council meetings before council election on 14 September 2024, despite reference of financial issues in reports to council meetings.
September 2024 (3.2 & 1.3)	In caretaker period consultants appointed for SRV consultation process. The emerging leadership team of the new council likely saw the opportunity of a likely majority alliance contributed to by the Liberal Party failing to nominate candidates in the St Leonards ward. A motivation could have been to cover up past poor financial management.
November 2024 (1.2 & 3.2)	Without prior notice, at the first full meeting of the new council, an SRV proposal is presented along with a huge amount of supporting documentation. The crisis of 'whole of council' financial unsustainability suddenly arose from a single financial issue of the pool cost overrun. It provided an opportunity to mask over the lack of a staged approach that would have debated financial issues and consulted with the community on options. It was an ambit claim, with the 'crisis' made to look larger than it was.
November 2024 (1.2 & 3.2)	The package assembled a lot of divergent material into a clever package for an SRV. Included were retrofitted informing strategies, a revised LTFP claiming a financial crisis when the earlier plan had found finances to be sound, a tick the box engagement strategy ignoring proper process, a rushed timetable and a resolute 'all or nothing' attitude as indicated by the tone of documents and presentations. It represented detailed work completed over many months with the assistance of consultants. There is limited evidence that NSC had, and could, implement productivity and cost containment strategies.
During 2024 (1.12 & 3.3)	A constant in the preceding months were the new executive staff and the four carryover councillors. Council had debated the pool cost overrun extensively and could have just sought a temporary SRV funding it. However, without any earlier debate, they sought a permanent SRV only after one debate during the new council's first full meeting.
November 2024 – January 2025 (3.2 – 3.6)	Consultation was rushed over a holiday period with the huge volume of information. This resulted in limited engagement with a weak level of evidence. The survey had limited options. The only options presented to implement stronger financial oversight were through raising much more money. There was a fallacious rate comparison and a faux discussion group was conducted. There was no capacity to pay report released at the time. Council was hoping that the delicately sown together package and filibuster tactics would prevail without compromise.
February 2025 (3.7 & 3.8)	Feedback was ignored and disdain displayed to respondents. The survey with over 1,000 respondents showed that 78% of respondents opposed the increase. Written responses to SRV survey comments were aggregated rebuttals, without seeing

	anything positive. Many explanatory FAQs were added to the council's website to explain many gaps. Council took the middle rate of their ambit claim, indicating an intended compromise.
10 February 2025 (3.10)	The council meeting on 10 February 2025 did not physically cater for the hundreds of residents attending to voice an opinion against the rise. Air conditioning was not working effectively and there were no monitors relaying proceedings to the overflow outside the small public gallery. It was evident from the start of the meeting that council was going through the motions of community consultation and that the SRV proposal was going to be driven through without change.
10 February 2025 (3.10)	Council lodged the application with IPART within an hour of the council meeting ending, 4 days before the deadline; confirming that feedback on altering the application was not welcome. Also, providing more evidence that council was walking a tightrope and had reached the limit of their credibility, and were likely exhibiting paranoia.

ATTACHMENT

Extract from report tabled at Council meeting on 10 February

"Council's financial position has been the subject of numerous reports, particularly in recent years as the North Sydney Olympic Pool project costs have increased. [… as well as other significant increases.] This includes (but is not limited to) the following reports:

- The 2023/24 budget report presented to Council in June 2023 stated that 'The budget, as planned, demonstrates Council has capacity to fund its projects and services in the short term. The ongoing and potentially permanent impact of Covid on revenues means Council will need to strategically consider its revenue sources.'
- In the Quarter 1 budget review of 2023/24 presented to Council in November 2023, it was stated that 'While Council's current financial position is considered sound, reductions in Council's revenue base are placing pressure on this and will require consideration in the coming years.'
- In the Quarter 2 budget review of 2023/24 presented to Council in February 2024, it was stated that 'While the financial position is adequate in the short-term, the forecast deficit, ongoing deterioration in income sources and the need to service additional debt for the North Sydney Olympic Pool project require close strategic attention'.
- In the Draft Operational Plan and Budget 2024/25 report presented to Council in April 2024 it was stated that 'Council has sufficient funds to be able to operate into the future, but repeated deficits are not sustainable. Council's financial goal is to fund existing service levels and infrastructure renewals whilst maintaining an operating surplus before capital grants and contributions. Council cannot maintain financial viability, fund the North Sydney Olympic Pool project, and manage its assets to an acceptable service level if similar operating results persist into future years. The budget must be carefully monitored and reviewed, and Council must consider long-term strategies for financial repair. In the short term, strong financial management and budget management and control are critical.'
- In the quarter 3 budget review of 2023/24 presented to Council in May 2024, it was stated that 'Compared to the original budget, several previously reliable income sources have significantly decreased with no indication of recovery. Whilst Council has sufficient funds to operate into the future, repeated deficits of the forecast magnitude are not sustainable. Council cannot maintain financial viability, fund the pool project, and manage its other assets to an acceptable service level if similar operating results persist into future years. The budget must be carefully monitored and reviewed, and Council must consider long-term strategies for financial repair.'"

In addition, the following records of recent Council meetings also verify that councillors largely ignored overall financial sustainability:

- In April 2023 the Council received the independent review of the construction of the pool. In response the mayor wrote also in April 2023 that "I can assure you that council's finances are sound, and the additional cost (of $30m) can be managed without reducing service levels." (The cost of the pool construction contract has risen $30m since then and an SRV of 87% is being sought.)
- In an open letter to the community, on 14 April 2023, Mayor Zoë Baker provided an update on the North Sydney Olympic Pool redevelopment, including "… I can assure you that Council's finances are sound, and the additional cost can be managed without reducing service levels." (No doubt relying on the LTFP.)

- At its meeting on 24 June 2024 Council approved fees and charges increases of 5.6% for 2024-25 with no mention of a need for an increase in rates. This was despite the Council being advised at the same meeting, and at the 27 May 2024 meeting, that continued deficits are unsustainable and requiring long term strategies for financial repair.
- At its first 'full' meeting after the election (on 14 September), the Council on 28 October 2024, when the signed Financial Statements for 2023-24 were presented, were advised that '…the Council will need to make critical decisions to improve its financial position' and that that 'Rates remain below where they would be if they were based on inflation increases alone over the last five years.'
  (No recommendation was made to Council, nor did Council request, that the rate base should be reviewed. Nor was mention made of Council officers ongoing work on the revised Resourcing Strategy and LTFP that would recommend increasing rates.)
- At their meeting on 25 November, Council were presented with the SRV report to increase rates. The report advised that 'Currently, Council's financial position is very weak and the financial outlook is unsustainable, requiring significant structural reform.'
  (Something they had been hearing for over a year.)
- In the SRV Fact Sheet of late November 2024, the Mayor has complained of a decade of financial neglect by councils. This is the seventh year the mayor has been a councillor.

Author name: C. French

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I dont believe this increase has been fairly managed. I do not think aging pensioners are responsible for councils blow out of costs. I feel the councillors involved need urgently to be replaced while their costings get sorted by experts in financial matters. The pool is not a priority and needs to be sold off for luxury housing. There are other pools in the area, lane cove, Mosman, manly. Those councillors who have sat by and allowed this to happen need to be replaced urgently. Only one or two appeared to be in favour of the residents. The others were not impressive with their speeches, especially the mayor Zoe baker.

Author name: C. Johnson

Date of submission: Wednesday, 19 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The public meeting February 10th 2025 was a circus of acts. Fingers pointing, dismissive gesturing, heckling, performative, and a small venue to accommodate public outcry that has been largely ignored. I applaud the many professionals that have the expertise to create precise explanatory submissions around NSCs skullduggery of mismanagement. A SRV increase of 87% seems outrageous & simply not affordable for Ratepayers that have been largely ignored & treated with disdain. Smoke & mirrors. How maligned is NSC with its constituents/Ratepayers?

IPART SUBMISSION AGAINST NORTH SYDNEY COUNCIL RATE INCREASES

Chris Stephens

[redacted]

16 March 2025

SUBMISSION

I **object** to the amended proposal as listed above for the following reasons.

DEMONSTRATED NEED FOR THE ADDITIONAL INCOME

The council has failed in its attempt to relay a strategic need for the ongoing increase in perpetuity for the income.

During the recent Council election, there was no suggestion of financial issues. I was not aware of any financial crisis facing the new Council.

Olympic Pool
Residents of North Sydney as rate payers paying for a National, State. Cultural and Sporting icon is unfair, unacceptable, unjust and absurd. The reality is the rebuilding of the national icon must be completed but not by NS Ratepayers.

It is regrettable that the naivety of the Council's project management was not recognised by the Office of Local Government (OLG).

Overdevelopment of North Sydney
North Sydney Council and the NSW Government have permitted the overdevelopment of North Sydney with many hundreds of units being created, each development fees and each Unit paying rates to Council. It is unclear why the rates for these new entities seem to have little impact on the income stream to Council.

IMPACT ON RATEPAYERS IS NOT REASONABLE

A major aspect of the proposed increase is to fund staff development. The rate of pay and the development within Council is a process that should be managed.

It is hard to see how the staff entitlements for time in service justify the percentage increase in rates for all.

The fee increases will bring base rate payers into alignment with others in Sydney area. However, the increase should be staged to allow those living in North Sydney to accommodate the increases with a staged implementation of life changes to enable the increased rates to be accommodated.

EVIDENCE OF COMMUNITY AWARENESS AND ENGAGEMENT

At the time of council elections taking place, mention was not made about funding shortfalls or financial impacts looming.

The penultimate North Sydney Council's *Long Term Financial Plan* within the *North Sydney Council Resourcing Strategy 2022 -- 2032* showed very clearly that operational surpluses would be achieved now and into the future. However, this plan was rewritten in December 2024 to reflect the impacts of the Olympic Pool cost overrun. The proposed rate increase is an attempt to get ratepayers to foot the bill for the cost overrun. However --

1. No rate payer was advised of the rewritten *Long Term Financial Plan.*

2. No voter was advised, prior to the Council elections that the Council intended to burgle rate payers to fund the revised Long Term Financial Plan

3. The Office of Local Government (OLG) is supposed to receive reporting of Council's 10% cost over run on budgets supposedly to ensure financial probity. Such evidence has never been presented to the Community in spite of requests being made

North Council is seeking to acquire funding for “strategic projects” that are not relative to today's community and may remain completely without purpose as those living in the densely populated areas without adequate greenspace and facilities will remain challenged.

The Council has produced many pages of "justification" which fails to mention what action has been taken to acquire funding for the “iconic Olympic Pool” from appropriate funding options including State and Federal Government, Tourism Australia, Commercial sponsors, Advertising Agencies.

The previous Council undertook the Olympic Pool refurbishment in good faith, and set about a financial plan to achieve the planned result. The current Council "blames" the previous Council for the current position. The Council is abrogating its statutory requirement by using rate payers money, rather than to achieve a viable operational budget, through the business of resourcing, prioritising, and managing variations.

I recently attended a meeting of North Sydney Council to express my objection and to support those more erudite than me to speak to the community present. We were subsequently reported as “Rent a Crowd” by the “Mayor and Liberal Party Stooges”. These terms are offensive and incorrect: those near me are retirees and have no aligned themselves with any such political group or party.

Notable at that event was the anger with the way the increase was put forward and the required industry consultation clearly just a process to be undertaken. There were in adequate preparations for the meeting with numerous people standing in aisles and outside the room.

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

I do not agree with the sale of Council Assets (as put forward at the Community Consultation Meeting

Thankyou

[redacted]

Chris Stephens

Owner

[redacted]

I am in favour North Sydney Council's decision to increase Residential rates (including levies) by 87% over two years.

The rate base is small as 77% of ratepayers pay the minimum rate of $715 per annum. 10% of Council's area is occupied by rate exempt institutions. Many of the eleven schools use local facilities but do not contribute to their provision.

It is well known that Council Revenues fell during Covid and that additional responsibilities passed on by State Governments but not funded, have caused problems.

The former Council's decision to approve a contract for the Olympic Pool, before detailed plans were completed has resulted in massive cost overruns. Funding reserves for infrastructure were raided to deal with the increasing costs of the pool so that now there are significant Infrastructure problems and Council's general reserves have been depleted.

Since the appointment of a new General Manager in 2023, and the election of a new Council, a number of changes have contributed to improved operation of Council.

- A restructure has taken place to reduce the number of senior Staff and increase the efficiency of its operation
- Online surveys, dedicated Community forums contributed to the development of a Community Strategic Plan (May -July 2024) to provide a strategic framework for decision making in the next ten years and to avoid ad hoc decision making.
- Asset Management has been planned and costed.

Council has attempted to inform and consult its residents. Residents were sent a printed statement of the financial problems facing Council and invited to complete a survey. Perhaps those who have opposed any increase in rates need to know which council services would have to be discontinued.

I do not support the sale of community assets or taking out additional loans

In my view, Council has prepared a responsible budget to support strategic directions in the next ten years. It takes account of the needs of residents current and in the future, and has consulted its residents.

In reforming governance, it will prevent a similar excessive and grandiose plan for a project such as the Olympic Pool for which it lacked foresight and was not competent to manage.

The rate increase proposal made to IPART will see North Sydney residents charged the same amount as other similar municipalities and lower rates that of its neighbour Willoughby.

Author name: C. Wilson

Date of submission: Saturday, 15 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am writing regarding the large increase in the rates for North Sydney Council. I realise we must have an increase but not so large. The impact on the residents is very worrying as all aspects of living have increased. We have a high proportion of elderly residents with no ability to accept further increases.

Author name: D. Hawkes

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The application by North Sydney Council (NSC) for a massive 87% increase in rates, is an obscenity that cannot and should not be supported. The optics of an 87% increase at a time of great financial stress in many households is appalling, and continues to paint a picture of government (at many levels) being entirely out of touch with the fiscal pressures being suffered in the real world. But it is not just the "optics" - it is the REALITY of the financial stress is places on ratepayers. NSC seems blissfully unaware that it is not just them asking for more money - almost every arm of government is - and a good proportion of the private sector as well. The accumulated demands on the electorate to pay more continues to ensure household expenditure, in real terms, continues to be at its lowest level for many years. The claim by NSC that ratepayers in North Sydney can afford to pay the 87% increase betrays their ignorance of the "real world". Many in the electorate are now facing great financial hardship. NSC has shown very little evidence of cost containment. They only seem to know how to spend. Furthermore, there is far too much evidence that they are often given to spending on minority causes to the detriment of the majority. Also worth noting is that NSC has failed in the area of "community engagement." A fundamental error with their behaviour was to confuse going through the required motions of garnering public opinion, and then completely ignoring it. Getting opinion is no great achievement. LISTENING to public opinion is what counts - and in this area, the NSC has been completely and utterly delinquent. Only about 5% of the NS community supported the 87% rate rise. Adding further discontent to the huge rate rise being proposed is the very clear evidence that NSC cannot be trusted to manage its expenditure. The North Sydney Pool is a $50m overspend - and is but one example of fiscal ineptitude by NSC. To give them yet more money to mishandle would be most unwise. The integrity of the current NSC is renowned within the electorate as being very poor. In this campaign of theirs to up the rates, they have manipulated figures, made a pretence of "community engagement" - and been deaf to any feedback at all. [redacted]. To "reward" this Council by approving their application for a massive increase in revenue would be to reward ineptitude, fiscal profligacy, faux consultation and moral bankruptcy.

17th March 2025

[redacted]

Manager
Independent Pricing and Regulatory Tribunal (IPART)
PO Box K35
Haymarket Post Shop
NSW 1240

RE: NORTH SYDNEY SPECIAL RATE VARIATION AND MINIMUM RATE INCREASE

Dear Sir/Madam,

As ratepayers to North Sydney Council we strongly object any Special Rate Variation (SRV) applied for by Council for the reasons set out below related to the IPART criteria for assessing such a SRV.
We are retirees on a limited budget and cannot afford the proposed increases to our rates which we understand could be up to 87%.

CRITERION 1: FINANCIAL NEED
North Sydney Council has not demonstrated a legitimate financial need for the proposed rate increase.
Council forecasts surplus: Council reported a $13.1 million operating surplus in 2023/24 and continues to report surpluses. Without a rate variation, the Council forecasts an annual CASH SURPLUS of $6.5 million to $8.5 million for the next 10 years, totalling $67 million. If this is the case, there is no justification for an SRV.
Asset renewal costs overstated: By changing the methodology to estimate the cost of renewing assets, it added $100 million to Council's costs over the next 10 years.
Capital asset funding: The North Sydney Olympic Pool is a capital asset, and its redevelopment should be funded through long-term Treasury Loans.
Other revenue options: Council has not proposed other options for financial repair; for example, sale of underperforming assets, accessing low-interest Treasury loans, prioritising and staging future projects, internal efficiencies and a robust expense reduction plan etc. These options MUST be explored in any financial restructure.
Performance benchmarks: Council meets most of the Office of Local Government financial performance benchmarks, except Operating Performance and Asset Maintenance, which are just below target—insufficient reason for a rate increase.
Invalid rate comparison: North Sydney's SRV should be compared with the City of Sydney and Parramatta, not suburban Councils, due to similar residential-commercial mixes. North Sydney's average rates are HIGHER than both the City of Sydney and Parramatta.

CRITERION 2: COMMUNITY AWARENESS AND ENGAGEMENT

- Public engagement was held over holiday period.
- The community was not informed about a negative financial situation during the council 2024 election period.
- Councillors ignored the community opinion at the Feb 10 meeting as they failed to incorporate meeting input in their IPART application.
- The engagement process appeared pre-determined, lacked transparency, and did not genuinely consider community feedback. Residents were not given realistic funding options and were blindsided by the sudden financial crisis declaration.

CRITERION 3: IMPACT ON RATEPAYERS

- The proposed rate increase is unreasonable and would negatively impact residents, businesses, and the retail sector.
- The Council relies on aggregated data with no critical evaluation on how the *affected* ratepayer had the capacity to pay.
- A survey with over 1,000 respondents showed that 78% of respondents opposed the increase.

CRITERION 4: EXHIBITION & ADOPTION OF IP&R DOCUMENTS

- The Council failed to consider the cost implications of their 8 “informing strategies” survey of 2024. 78% of respondents said they were not willing to pay for new projects and services.
- The relevant documentation, comprising eight complex documents, was exhibited. However, the engagement program (29 November 2024 to 10 January 2025) was conducted over the holiday season and hence was both untimely and ineffective.
- Ratepayers were presented with a fait accompli.

CRITERION 5: PRODUCTIVITY IMPROVEMENT AND COST-CONTAINMENT

- Council has not set out to contain costs -rather it seeks to increase expenditure.
- Council has not proposed other cost options such as sale of underperforming assets .
- There is no quantifiable evidence that NSC has implemented a continuous improvement framework to identify and implement ongoing productivity and cost containment strategies.

IN CONCLUSION:
We believe North Sydney Council fails to meet IPART's assessment criteria for the granting of a Special Rate Variation and increase in minimum rates.

In the future ratepayers should be provided with clear disclosure that North Sydney Council has taken concrete steps to address inefficiencies, reduce unnecessary expenditure, and implement stronger financial oversight before seeking an SRV.

It is essential that Council focus on delivering necessary services, funding capital works, and maintaining a skilled workforce. This SRV proposal is undermined by the lack of strategic clarity and sound financial planning.

Yours Faithfully,
[redacted]

[redacted]

Submission to IPART: North Sydney Council Special Rate Variation

This submission is in three sections. The first concerns the process involved before the submission was finalised and approved by the Council. The second relates to the arguments used to justify the Special Variation. The third is the conclusion of this submission.

The Process

The Council's submission makes repeated reference to the "extensive engagement" that it undertook with the community. While this may have been the case, engagement without taking on board the views expressed by the community during the engagement is pointless.

For example, the Council surveyed views about proposed options. All the options provided were for a special variation, without the option of no special variation. This is not a sensible way to conduct a survey and was undoubtedly a factor in the low response rate. The Council then interpreted the latter as an indication of "ambivalence or tacit support" towards their proposal. More likely, people gave up on submitting a response when they realised that their preferred option was not available. But even then, the "Your Say" webpage received a 78% negative response to willingness to pay for proposed strategies, a result the Council apparently wishes to sweep under the carpet.

So the Council held a Community Workshop to discuss everything. A grand total of 42 community members were invited to take part. It does not take a statistical genius to realise that such a sample is statistically insignificant, especially when led by people wanting a specific outcome. So 84% (35.28 people from the whole Council area) were in favour of ensuring continued service delivery and the proposed strategies were rated at 7.3/10 by the whole group. These results probably understate the real preferences. However, we would all like to have free health care and public transport as well, but somewhere along the line the question of cost must come into play. Was the real cost of the Special Rate Variation spelled out? I doubt it but don't know, as I was not one of the 42.

The Arguments

Throughout this process, the (recently re-elected) Mayor and current Councillors made much of the poor performance of previous Councils. However, most of them (including the Mayor) had four years to address the problems but did nothing. (Equally, there was little discussion of Special Rate Variations in election advertising.)

While emphasising the need to keep down costs (say by an update of corporate systems), there has been little discussion on the cost of all the reviews that were undertaken in this process, the cost of preparing the submission, or the cost of arguing its case before IPART. How much could Council have saved by not going through this process?

I am sure that individual residents will all have their own beefs about wasteful expenditure, so I will just mention two that annoy me. The "Integrated Transport Strategy" is loud on the need for more cycleways. The Council is vociferous about environmental issues (though it has yet to find room for a Return and Earn site) and this is part of that strategy. However, I see lots of cyclists around my area (Neutral Bay), but never on the existing cycleways. It would be interesting to know how much the council has already spent on reducing road/footpath widths to install cycle lanes that are hardly ever used.

Secondly, we regularly receive through our letter box pamphlets and other printed material from the Council, usually telling us how wonderful they are and what a good job they are doing. If it is not possible to stop the self-aggrandisement, can they at least reduce its cost by stopping the printing (environmental considerations here too) and hand delivering of such material. Perhaps their corporate systems update could get everything circulated electronically.

Finally, the Council believes that its ratepayers are able to afford the proposed Special Variations. Given the number of retirees in the municipality, I find this conclusion strange. Moreover, the submission noted that the only district with many people financially struggling is Kirribilli. This in itself seems incongruous, but points to another issue. Many of those with financial difficulties at the moment are renters. These are not the ratepayers, in Kirribilli or anywhere else in the Municipality. But if the landlords are slugged with such hefty rate increases, they will push up their asking rents, putting more people into financial distress.

Conclusion

The submission in its present form should be rejected. It does not present a true picture of the Council's engagements with its ratepayers and fails to adequately consider alternative cost cutting measures. The excessive, permanent Special Variation requested is unaffordable. If the Council cannot live within the increase in rateable income provided by the rate increase peg, it should at least consider lower variations that its ratepayers can afford and reduce the list of wishful-thinking pet projects that its Councillors and officers desire.

D J Meader
28 February 2025

Author name: D. Mulheron

Date of submission: Wednesday, 26 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I and my wife own a rental property in North Sydney. At the moment it is undergoing renovation but it will be rented out very soon we expect. We were shocked at the contemplated and stupendous hike in North Sydney Council rates. As we are self-funded retirees we shall have no choice but to pass the total cost of this rate increase to the tenant. It hardly seems fair that renters will be the most disadvantaged by this Council's cost increases. As for the Council's mismanagement of its finances the Council or an administrator should sell of North Sydney pool to a developer. It will keep the Council solvent and allow high-rise housing to be built close to the CBD during a period of chronic accommodation shortage. I doubt if the vast majority of North Sydney residents even know where the pool is located, never mind use it.

Author name: D. Unka

Date of submission: Wednesday, 12 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am writing to formally express my concerns regarding North Sydney Councils proposed 87.05% rate increase. While I acknowledge that Council requires fiscal repair, the proposed increase is excessive, poorly justified, and lacks sufficient governance safeguards to ensure responsible financial management. Instead of approving the full 87% increase, I propose a more reasonable and phased approach, with an initial increase of 21.5%, subject to strict financial oversight and governance reforms. 1. A Rate Increase is Necessary, But 87% is Excessive North Sydney Council has highlighted significant financial pressures, particularly in its Long-Term Financial Plan (LTFP). However, the proposed 87% increase is not proportionate to reasonable budget repair needs, and the Council has not demonstrated that alternative cost-saving measures have been fully explored. While some increase is necessary, an immediate 87% hike places an unreasonable financial burden on ratepayers, particularly during a cost-of-living crisis. Instead, a more sustainable approach would involve: -A 21.5% increase in the first instance, targeting essential financial recovery needs. -A full independent financial audit to determine where further efficiencies can be made. -A requirement that any future increases be linked to demonstrated improvements in financial governance. This approach ensures that Council can stabilise its finances without unduly burdening residents or creating further financial hardship in the community. 2. Lack of Justification for the Rate Increase Having reviewed the Councils documentation, the justification for such a large increase remains inadequate. The North Sydney Olympic Pool (NSOP) redevelopment is the largest identified cost pressure, yet Council has not properly explained how cost controls failed, nor provided assurances that future projects will be better managed. The pool project has increased in cost from $55 million to over $120 million, a figure that cannot be solely attributed to supply chain issues or inflation. This raises serious concerns about Councils procurement, tendering, and governance processes. Without evidence that these processes have been improved, ratepayers cannot be confident that additional revenue will be used efficiently. If Council expects residents to fund its budget recovery, it must first demonstrate: - accountability for past cost overruns. - stronger financial controls to prevent further mismanagement. - a breakdown of how new revenue will be spent to prioritise essential services and infrastructure. Without these safeguards, IPART should not approve the full 87% increase. 3. North Sydney Council Has Not Explored Alternative Cost-Saving Measures North Sydney Council should be required to examine other cost-saving and revenue-generating strategies, including: - Reducing discretionary spending - Reviewing operational efficiencies - Assessing alternative revenue streams. Additionally, North Sydney Council provides a limited scope of services compared to other LGAs, yet is proposing an increase far higher than comparable councils, thus raises further concerns about financial efficiency. A more reasonable and staged rate increase would allow for cost-saving measures to be explored before shifting the burden onto ratepayers. 4. Insufficient Community Consultation Public consultation for this rate increase was inadequate given its financial impact. Ratepayers should have been provided with: - Clear explanations of alternative financial strategies and why they were not pursued. - A transparent breakdown of planned expenditure, linked to budget recovery priorities. - more options regarding possible increases. Council has pushed through this proposal without sufficient engagement. 5. The Need for Oversight and Accountability IPART should require strict conditions before approving any rate increase, including: - an audit of Councils financial management - a requirement for council to Implement of new financial governance measures. - better reporting on the councils financial position and expenditure. This build meaningful accountability and force needed reform. 6. Recommendation A 21.5% Increase with Oversight To balance Councils financial needs with community affordability, I recommend: 1. Approving a 21.5% rate increase to stabilise Councils budget immediately 2. Require independent financial oversight to review spending and governance processes before further increases. 3. link future rate rises to financial management improvements. This approach would allow Council to repair its finances without imposing an 87% increase on residents. It will ensures additional revenue is managed transparently and effectively. Given the serious concerns around financial mismanagement, I urge IPART to reject the 87% increase and instead approve a more measured approach that protects Councils financial sustainability and affordability for residents. Thank you.

Author name: D. Yuill

Date of submission: Wednesday, 26 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Sir, I am writing to register my concerns at the proposed increase in rates. Over 10 years Council will collect an extra $524 million yet there is no reconciliation of where this large amount will be spent or invested. The reports all focus on individual rate amounts of $1,200 pa but the big picture is ignored. The Council to date has shown no control over projects eg the Olympic swimming pool and no control over financial reporting and management. The Council simply does not have the skills to manage the proposed future large spends on infrastructure and projects. I accept that an increase is necessary due to the swimming pool folly and the lack of financial control, but the increase should be temporary and smaller than proposed. The effective doubling of our rates is not reasonable or fair.

Author name: E. Barber

Date of submission: Friday, 28 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Dear IPART, I, along with many of my fellow ratepayers, am strongly against the proposal from North Sydney Council to increase rates by 87% The Council ran a very poor and borderline deceptive community consultation survey over Christmas, and got an incredibly low response. The survey itself was flawed in that respondents were forced to pick from all poor options. There was no option to first review other costs in the budget. Those that responded did not vote for this increase, in fact they voted foe the lowest increase. Council has ignored the community by pushing ahead with this incredible increase. Increasing rates by 87% will cause considerable hardship for many to meet these payments. Council has failed to consider how ratepayers will meet these payments l, especially at a time of record high cost of living pressures. Council has told the community that this is required to pay for North Sydney Pool. Why should I have to pay for something that provides no benefit to me? Unqualified councillors have no business managing assets of this scale and value. If there is a need to increase net profit, Council should first attempt to cut costs elsewhere in the balance sheet. There must be a more reasonable, longer term approach to increasing revenue and not shocking the budgets of home owners and businesses to a point that forces hardship. I am contactable for further comment on the details below.

Author name: E. Farrell

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Several weeks ago I put forward to council a working hypothesis that their justification for the rate rise was inconsistent with the realities of their published financial statements. I assess the rate rise is unjustified as: 1. the presented case of dire financial state was incorrect. 2. the projected losses are inaccurate. 3. internal resources are significant, will sustain the council for some time and any debt on loans is being offset by interest from assets. 4. The Asset renewal and calculations presented are anomalous, and the degree of degradation of assets over a 2 year period is illogical. 5. Organisational review and proposed optimisation are ineffective in their presented form. 6. The rate rise would impact business in the local government area which has already been declining. I have attached the rationale in my original submission for your review.

Edward Farrell
[redacted]

3rd of January 2025

North Sydney Council
PO Box 12.
North Sydney, NSW 2059

SUBJECT: Proposal for a Special Variation to rates

“....Council remains in a strong financial position. “
– Cr Zoë Baker, Mayor of North Sydney (Annual report 2022/23)

“The rising costs associated with this project have significantly affected Council’s financial position and will have enduring implications for the future.”
– Cr Zoë Baker, Mayor of North Sydney (annual report 2023/24)

Within 12 short months, North Sydney has had a local government election and apparently has now gone into financial turmoil. This has triggered an apparent crisis which has demanded a significant increase in council rates. As part of an open submission, I wanted to analyse the events, assess the claims presented, evaluate any financial models, and qualify if a rate rise is warranted.

<u>Assessment of financial reports</u>

Analysing the numbers, the following observations from the councils annual reports can be made:

1. 2023/24 Income is at 151.6 Million
2. 2023/24 Expenditure is at 138.6 Million
3. There was an increase in council assets of 50.4 Million over the 2023/24 calendar year.
4. As of June 30 2024, The council maintains 122 Million in cash and equivalents, slightly down from previous years. This is more than enough to cover annualised expenditure and planned North Sydney Olympic Pool costs if required, assuming no further major capital expenditure is required.
5. Analysing expenditure for FY 2023/24 Investment income is exceeding the debt on a loan by a factor of around 2. It is unlikely the debt will impact future financial viability of the council.
6. Cash flow does illustrate a reduction in cash available, however this does not appear to be excessive for what would be regarded as acceptable investment years over the past 2 years between July 1 2022 and June 30 2024.

7. There is a 30% increase in contracts since 2018/19 from 35 Million dollars to 51 million dollars for FY 2023/24. Highlights of the operational expenditure includes:
    a. 12.5 million dollars for waste disposal and management, including fortnightly pickups for additional waste such as large items and green waste.
    b. 1.47 million dollars in software licensing for over 400 users.
    c. $800,000 for legal advice specifically for the pool, I assess as a 1 off expense representing 1.6% of expenditure.
8. Increased expenditure from previous years was observed, including:
    a. Spikes in leave entitlements and fringe benefits were observed in the Employee benefits and on-costs, however these were not matched with a commensurate increase in Salaries and wages. This may imply resignation or long service leave which is not held over as a liability, and is taken on as a year on year cost.
    b. 1.3 Million dollars of one off asset write downs took place, 1 million dollars in excess of budget.
9. Income appears to be down, however this is also against unforeseen events including:
    a. 1.5 Million dollar reduction in pool income, due to the pool not being complete.
    b. $543K reduction in parking income, attributed to existing freeway upgrades.
    c. A $1.3 million dollar reduction in income from Hoarding Permit Fees from development activities, due to the absence of anticipated property development.

A claim has been made of a reduced operating performance ratio (reducing to a negligible -0.02%), or around a 4 million dollar deficit. Noting the one off losses of income, additional expenditure and additional employee costs, this deficit in the ratio appears to be a one off event.

I assess the budget is not as dire as predicted.

Projected losses

The future loss projection is heavily dependent on asset write offs as illustrated in the North Sydney Long Term Financial Plan presented at https://yoursay.northsydney.nsw.gov.au/srvv. Against a growing asset portfolio and sustained and profitable income/expenditure, I do not assess the future losses are realistic, however this is before factoring in any requisite asset and infrastructure upgrades. These losses are based heavily on asset write off and do not affect the operating performance ratio.

So what?

Based on my analysis of these figures, unless there is an intended spike in expenditure that isn't asset write down or future wasteful expenditure, there is no financial emergency and it is likely the reduced operating performance ratio is a one off event due to one off losses of income totalling 4.6 million in lost revenue, and anywhere between 2-3 million dollars in additional costs that could be reduced. There might be a need for increased expenditure on asset renewal, for which I have made some observations below.

Assessment of the rationale for rate raise

According to the statements made by council, the following rationale was presented:

1. internal reserves have been drained: the current assets are $137 Million down from 158 Million (this does not include non-current assets). Unless there is a substantial investment exceeding say 20 million dollars, I would assess there is still several years of cash in reserve with current rates and fees and note the opportunity exists to offset further losses by recognising one off costs in the last annual report, as well as expanded operational efficiencies.
2. Declining revenue from other sources: In 2018/19 the council had 135 Million dollars of revenue, of which 58 million was from rates (approx 42%). In 2023/24, revenue increased to 151.6 Million, including 75.5 million from rates (approx 50%).This is negligible however I would assess that diversified revenue is important, and question why this isn't being explored as an alternative strategy, and weather a user pays model for services, albeit at a discount, is a more appropriate strategy rather than rate increases.
3. Cost increases & Outdated systems and technology:I've made an observation against software licensing above.The council is paying an excessive price for software license when a GSuite or similar option would see a reduced annualised costs. I assess there are operational efficiencies that can take place, including a departure from Microsoft licensing which is unnecessarily expensive. I've also noted that the council intends to increase operational expenditure as opposed to reducing it, so I am concerned that no future strategy for reducing systems and technology costs exist, much less a reduction of operational costs.
4. Reduced income from rates: The statement made by the council implies that low cost, value for money and efficiency are terrible ideas. The historically low rates should be a good thing. Comparing our rates to Hunters Hill, with a smaller population and a diseconomy of scale, is not only counterproductive but results in a cycle of all councils increasing rates. Paying more for the same service does not necessarily make it better, however it can be ingratiating.
5. Asset renewal: Council has claimed that there is $146 Million in asset renewals or $205 million (inconsistency in the annual report of 2023/24 observed on page 53,116 and 205 of the 2023/24 report). This needs further analysis which I have completed below.

Asset renewal and realistic valuations

The only justification for a rate rise is the concept of asset renewal which was a common deduction I made throughout my analysis. A claim of $146 million dollars in asset renewal has been presented, however in analysing multiple documents and artifacts, the figures appear flawed or excessive:

1. The *North Sydney Council Asset Management plan 2022-2032* (dated 29/11/2022) identified in table 6 that **no** council properties were in a poor (4) or very poor (5) condition, out of a total replacement cost of $232,653,780. The asset management plan tabled on the 25th of November 2024, identified remediation efforts for poor or very poor properties to $69,378,471, with a total replacement cost of $347,014,881. Are we to realistically believe that in 2 short years $69.3 million dollars worth of assets (approximately 20% of the councils property portfolio) was degraded so rapidly in such a short period of time?
2. The North Sydney Olympic pool is listed as requiring $60,376 to bring the pool to satisfactory condition, as well as $805,963 in the next 10 years. One would expect that, as the pool is still undergoing renovations, this figure is an averaged figure and should realistically not be anticipated.
3. Council has elected for a more decadent approach to footpath replacement with sandstone pavers as opposed to concrete, which would be cheaper and easier to maintain. I would extend this analysis to retaining walls and marine structures, and look to qualify if cheaper alternatives to sandstone are available.
4. Outdoor parks and equipment may be better serviced through local initiatives, fundraising and financing, where local communities who leverage these assets may be better qualified to decide and implement asset upgrades.

As a wider concern, what is the method to the financial model that has resulted in the assessment that $146 million dollars is required, noting the flaws and inconsistencies in council documents observed?

As the Mayor has spent significant funds on denigrating her predecessor for a lack of planning for the olympic pool upgrade, the anomalies in the presented plan are of concern.The council cannot justify a rate rise with the current modelling for asset renewal and I am not confident in the councils financial modelling or future financial planning.

Organisational review and its effectiveness
The council has illustrated $2,400,000 of savings annually in their document, *Organisational Improvement Plan (page 83)* however this has not translated into reduced operational expenditure in the *North Sydney Long Term Financial Plan (page 29)*. Of note, the council appears to be increasing its operational expenditure significantly through to 2035 with no apparent reason, including additional staff and resources. Is this an act of empire building or of wasteful expenditure of council resources?

The claim of *"a comprehensive program of review and improvement to ensure the effective use of public funds"* is inconsistent with the council's proposed operational budget.

Assessment of income generated from rate rise
The income generated from a rate rise from $1,040 to $1,511 per household, as well as a rate rise for businesses from $6,724 to between $10,601 and $12,367. This would see an increase of $31.3 Million dollars to the council's income for 2025/26.

Whilst this does appear to be logical at a first stage, second and third order effects of this would include:

1. Businesses who are dependent on a presence in North Sydney, such as retail and shopping, typically operate on lower profit margins. As this could represent a significant proportion of their net profit. These businesses would be forced to increase
2. Businesses who do not need to be in North Sydney, such as consulting and technology firms, could readily depart as a result of increased rates and cost of retail/shopping, the third order effect of which would be less expenditure on retail businesses in North Sydney, further compounding the problem highlighted in point 1 above.

The reality is that businesses that are not present, whether through lack of financial viability or greener pastures elsewhere, do not pay rates. I am concerned that this model does not accommodate the departure or failure of business as a result of the rate rise. The reality is that increased taxation is often inversely proportional to the revenue created; this was observed in the US Revenue acts of 1924 and 1926, where a reduction in tax rates saw a 60% increase in revenue. Combined with "user pays" functions for local government services, this would support local businesses and generate a more diverse revenue portfolio.

I am also curious if this model incorporates increases in revenue as a result of an increase in the number properties. Noting the development boom, additional properties and their associated development costs would also contribute to revenue for council however additional dwellings are not a consideration of council.

Questions for council

If there is nothing to take away from this analysis, I would ask councilors to dwell upon the following questions:

1. Is there genuinely a "budget crisis" noting the negligible increase in expenditure and one off anomalies that formed part of the 2023/24 budget?
2. How has the council conducted the assessment for asset renewal that justifies the excessive rate rise, noting the flaws and inconsistencies observed?
3. Has the council evaluated alternate sources of revenue or alternative courses of action for execution of asset renewal to enable an economy of effort and reduce the cost on rate payers?
4. The *organisational improvement plan* and its proposed savings are inconsistent with the long term financial plan. How does the council intend to reduce operational expenditure?

Prior to any rate rise, a more accurate assessment of asset state, and a course of action for remediation that is cost effective, should be presented. I would also incorporate a more efficient budget for normal operations noting this has been advocated in council plans; I believe this needs leadership, and not the excessive application of management consultants to map unwieldy systems and processes that add no value.

Anything short of this would be a breach in the fiduciary duties of North Sydney Councilors.

For your consideration.

Regards,

Edward Farrell

Author name: E. Harbison

Date of submission: Friday, 21 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I write in support of the Milson Precinct Group - (MP) submission which was formulated at a Special Meeting on 6th March and unanimously voted upon. In that submission. All points a-e have been carefully discussed considered & summarised in the SUMMARY - which I fully support. 1) minimum rate paid is far too low & should be increased. 2) reject the idea that the NSOP cannot be profitable - it can given the right management & ambition. 3) declining Rates achieved by NSC is due to the huge number of the schools which has acquired (rate paying houses) to expand & grow larger as well as numerous other institutions that don't pay a single $ in rates. At the same time thousands more people come to & through NSC Council area. Everyone in the community should pay rates. Service expectations are high & the density increasing. Schools even use parks as sports fields as if they are part of the school. Still they pay $0 contribution to the community costs of NSC Is it fair that the rates on houses in the precinct should go to support all these institutions who pay 0 & do not contribute ? I don't think so.

Author name: F. Allan

Date of submission: Thursday, 6 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The excessive increase proposed by the council shows a complete disregard for people like my wife and I.We are retired, self funded and budget accordingly.There are many things we would like to do and splash what money we have on all of them. We would become full pensioners ,relying on the government within months. The North Sydney Council is out of control with its ideas [cost of pool renovation being one] They are ill equiped to be in charge of a 4 percent increaser or the current revenue they receive. They have lost sight of a councils roll regarding normal procedures. They are running on egos, we just don't want to be helping to fund them. The increase is grossly excessive and should never have been considered. Thankyou.

Author name: F. Hession

Date of submission: Sunday, 16 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I wish to object to the North Sydney's 87% proposed rate rise over two years. The council has not fully explained to the community why they need this rate rise or if they say they have it has not been publicized very well. Any community feedback has been ignored. The council meeting regarding the rate rise was a disgrace with security guards acting as [redacted] not allowing ratepayers into the meeting then the mayor not allowing registered speakers address the meeting and the mayor again practically abusing ratepayers. It was typical of poor panning of this council as the room was far too small for the numbers expected or maybe it was good planning if the council did not want to explain their position. Actually it appears they have been deliberately deceitful as they never mentioned the council was in a poor financial position before the last council election. In fact the last annual financial reports state the council is in a strong financial position. The council continues to blame the previous council and the pool for their problems but both councils are to blame and this council has been in power for some time now and has managed their finances and the pool poorly. The council has many projects over budget and over time. This council blames the pool for all the problems but the most the pool will cost is $150m and now they want to raise half a billion. There are many other ways the council could raise funds a couple of which are selling assets or obtaining low interest loans. They should also be cutting expenditure which they have made no attempt to do as well as increasing their poor productivity. Their record in managing projects is deplorable and the replacement of the parking meters is another example of their incompetence and complete lack of knowledge of their community in saying the community can afford the increase. There are many that can afford the increase however this increase will affect both business and resident renters as the increase will be passed on. There are 10 renters in my block of 29 units and they will be struggling to pay this increase with todays cost of living crisis. Some older people who have lived in the area for decades may also struggle as the value of properties and subsequently rates have increased substantially without an increase in income. There are also young people who have recently purchased in the area with large loans who will struggle. I can also see small business gradually closing when the increase is passed on. It appears with this increase and the cost of living crisis the same number of people will be struggling to pay as those that can afford it. I therefore submit that this large increase in rates is not required as council not long ago had a large rate increase and it is only their mismanagement that has us in this financial situation. Their figures are also very dodgy with them changing asset category to suit their figures and I cannot see how a council can go from a strong financial position to a weak position within six months. Council needs to find another way by cutting expenditure, which they don't want to do, reducing incompetant staff and better managing projects. They should also be seeking low interest loans and selling assets instead of placing the burden on ratepayers in this cost of living crisis. Due to the council showing they are unable to manage their finances and projects it is obvious we should now have an administrator appointed.

Monday 24 March 2025

Carmel Donnelly PSM
Chair
Independent Pricing and Regulatory Tribunal (IPART)
GPO Box 5341
SYDNEY NSW 2001

Submission on North Sydney Council's application for a Special Rate Variation and minimum rate increase

Dear Chair

Thank you for the opportunity to make a submission on North Sydney Council's application for an 87.05% Special Rate Variation and an increase in the minimum rate from $715 to $1,548 by 2026 for residents and $1,806 for businesses.

This is an extraordinary application from North Sydney Council for an almost doubling of rate revenue for residents and businesses. It occurs during a cost-of-living crisis, during a period of persistently high interest rates and record high rents, and all while Council has an ongoing issue of budget overruns and project delays associated with the major upgrade of North Sydney Olympic Pool.

The overwhelming sentiment of the community is strong opposition to the proposed rate rise. I have received feedback from thousands of constituents (more even than Council's own consultation), and this has been the most unifying issue with the highest engagement from constituents in my eight-year tenure as the Member for North Shore.

Residents' concerns centre around affordability and the impost on those already impacted by the ongoing cost-of-living crisis; the view that Council has demonstrated financial mismanagement; a lack of confidence in Council taking on more large projects which could be financially mismanaged; that Council has not considered cost savings or efficiencies; that the increase is not needed; distrust due to the lack of transparency about the rate rise proposal during the 2024 local government elections; anger about the flawed consultation process; and the perception that

Council pushed ahead and did not listen to community feedback even with their own consultation.

This submission will focus on responding to the criteria which IPART utilises to assess these applications, incorporating feedback from individuals, organisations, and businesses from across the electorate of North Shore. Many of these views were provided through an open community survey, and I have attached a full record of all feedback. I ask that this attachment be treated as a confidential and redacted from my public submission, as the thousands of contributors have not explicitly provided their consent for their submissions and comments to be made public.

1. Financial need and Council's financial position

North Sydney Council has argued that the proposed rate increase is necessary to address an "unsustainable financial position" including cost overruns on the North Sydney Olympic Pool, and to fund a massive increase in spending on new projects through its new 10-year plan.

While IPART does not require a Council to be in financial strife in order to approve an SRV, it does require Council to justify the need for additional revenue and IPART must assess whether this is a genuine need, and whether the community has requested that the additional services and infrastructure be delivered. In North Sydney Council's case, the claim that additional revenue is required to fix Council's financial position is questionable, and the additional revenue sought for new projects has not been requested by the community, and is not supported.

Council has reported contradictory statements about its financial position in official documents over recent years, leading to concerns by residents over lack of transparency or poor financial management.

After reporting a net operational surplus of $13 million in its *General Purpose Financial Statements* in June 2024, along with a *Draft Operational Plan & Budget 2024/25* released in April 2024 that committed Council to only needing to raise rates by 5%, only months later in November 2024 North Sydney Council suddenly identified after the local government elections had come and gone that it was in an "unsustainable financial position" and proposed to more than double residential and business rates starting in 2025.

The Council's 2024 *Financial Statements* signed off by the Council executive and elected Councillors identified no financial challenges for the Council just months before the SRV was proposed. Even the ongoing saga of the mismanagement of the North Sydney Pool redevelopment did not trigger any financial warning – and the

Council had commissioned analysis by PwC, the final report of which had been received in December 2022.

In its December 2024 *Quarterly Budget Review*, Council reported a cash and investment position of $141 million, just $3 million less than the previous year despite a $50 million overrun on the cost of the North Sydney Olympic Pool. The Review also indicated an increase in the operating surplus to $4.2 million, with a net increase of $17.961 million forecast for Council's cash balances. Council plans now to take out a further $10 million loan, delay capital works by $5.5 million, and adjust its operating result to reflect these changes.

Council's debt stands at around $60 million, with nearly $28 million not due to be paid off until 2042. Even with these debt obligations, Council's forecast suggests that it will maintain an annual operating surplus of between $6.5 million and $8.5 million for the next 10 years. Even without the additional revenue of the proposed SRV, Council is expected to add $67 million to its cash reserves.

There is a view from ratepayers that Council's financial position is far from "unsustainable," and that the increased revenue sought of about $550 million over ten years in an unnecessarily large sum, particularly of cash reserves, for the Council to seek to raise.

1.1 Rate peg

There is broad discussion about whether the rate peg is the best way to balance the needs of Councils to fund services and infrastructure, while balancing prudent financial imposts on ratepayers. North Sydney Council in its submission states that the rate peg of 4% for 2025-26 is insufficient to meet its needs.

However, significant work is done to designate individual rate pegs for each council – with North Sydney's set at 4 % - which is already above CPI. There's already a recognition that costs are increasing above CPI and there is a built in capacity for Council to increase rates in line with the rate cap over the next two years rather than have an SRV.

1.2 2019 approved SRV

In 2019, Council applied for an SRV of 7% per annum for 5 years inclusive of the annual rate peg and a minimum rate increase, representing a cumulative increase of 40.3%.

IPART partially approved NSC's proposed SRV for a 3-year period from 2019-20 to 2021-22.

If Council has not utilised the full SRV approved in 2019 then they have the ability to access that for 10 years, and Council should be accessing any previously approved SRV rather than requesting a new 87% increase.

1.3 Comparable councils

This application by North Sydney Council is almost unprecedented in metropolitan local government areas. In the neighbouring Willoughby Council, which also has dense residential areas and a large commercial core, a 15% 1 year SRV was approved in 2024-25.

In 2023, Strathfield Council had a 93% SRV approved over a four year period, after not seeking an increase for 25 years and seeing significant densification. This increase occurred after a long period of low rates, and received very limited community opposition. In fact, the current minimum rates in Strathfield would still be lower than North Sydney Council's proposed new minimum rates.

1.4 Need for increase

There is an obligation on any level of government to make decisions in the interest of, and with the imprimatur of, those they are elected to represent and those whose money they are spending. While IPART may not determine what are reasonable expenses for Council to incur, the process requires Council to justify to IPART the "need" for the additional revenue which they are seeking approval for. Therefore, IPART does play a role in weighing up whether the *additional revenue* sought is reasonable and necessary for Council to levy.

North Sydney Council's application includes a range of justifications for this additional revenue, part of which they say is to improve their financial position, part of which they say is to fund continuing unspecified cost overruns on the North Sydney Olympic Pool project, and part of which they say is to fund their new 10-year plan.

1.4.1 New 10-year plan

Much has been made in the media and among community members of Council's proposal to raise an additional $550 million over the next ten years alone, with approximately $150 million of that revenue to fund entirely new projects.

Council has allocated 69% of the $550 million proposed to be raised over the next 10 years to increased expenditure and building cash reserves.

$174 million has been earmarked to go towards the remaining pool redevelopment and asset renewals (31%), while the rest of the revenue will go towards completely new projects or towards increasing Council's cash bank balance.

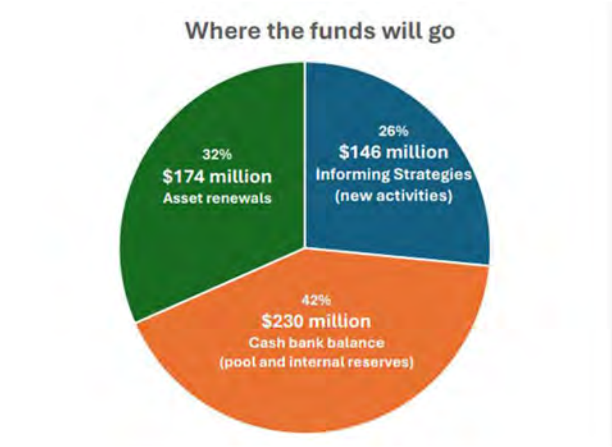


Image: Lavender Bay Precinct IPART Submission p4

Long term planning is prudent for local government to undertake. It's a process that should flush out community ideas on needs and wants for the local government area, and shape a clear picture of what services and infrastructure are a priority for the community, and how these desired priorities compete for funding along with the capacity and willingness of ratepayers to fund them.

In launching North Sydney Council's 10-year plan, Council have proposed a massive increase in spending on new projects and a commitment to repair or upgrade existing infrastructure, without ascertaining the support from ratepayers to finance or prioritise these projects or finding alternative cost savings or efficiencies to fund them.

Once the SRV application gained media scrutiny, a key theme in opposition to the rate rise has been the extensive new spends proposed by Council, particularly in light of their inability to effectively manage their existing large infrastructure project of North Sydney Olympic Pool upgrade.

New projects include a $25 million expansion of Stanton Library and many millions in street art, public art, playgrounds, public domain improvements, which in Council's own consultation failed to gain community support as needs.

Ratepayers have asked that IPART not approve any increase in rate revenue for North Sydney Council to fund new projects until they have satisfactorily completed the pool project. While many of the new projects proposed are seen as nice to have by the community, they are seen as wants and not needs, and community members overwhelmingly oppose being taxed further to fund unnecessary initiatives.

1.4.2 Asset renewal and repairs

Ratepayers acknowledge that there is need for repairs and maintenance, but don't need the proposed magnitude of new revenue. Analysis by [redacted] has demonstrated that North Sydney Council's reclassification of which assets require upgrading was not transparently communicated, and is not in line with other Sydney councils. He posits that this reclassification creates a $100 million increase in asset renewal expenses above that previously prioritised by Council, or by other metropolitan councils.

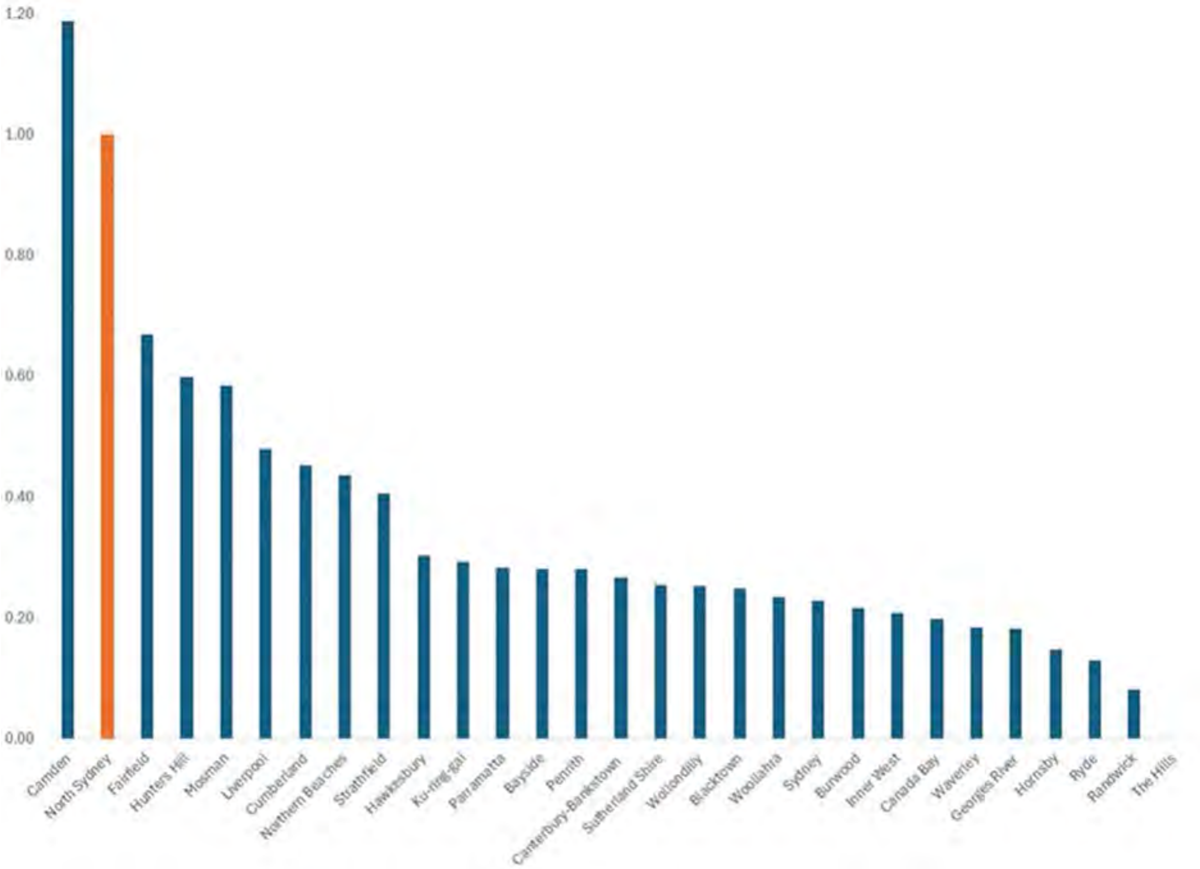


Image credit: [redacted] YouTube. "North Sydney Council's $100 million infrastructure problem". 7:09.
(This graph shows the way in which NSC is estimating costs – NSC uses a metric that is second highest to Camden – they are the one council estimating costs at a higher rate than North Sydney Council.)

2. Community awareness and engagement

While there is comparatively high community awareness of North Sydney Council's planned rate rise, that occurred because of high media coverage and community opposition was generated in light of the coverage. Community awareness did not occur because of Council, which has been criticised for its poor consultation.

Council's engagement program was conducted from 29 November 2024 to 10 January 2025 (42 days) has been widely criticised for its timeliness and effectiveness. Council has also been criticised for its lack of clear communication with ratepayers.

Council failed to provide adequate time for meaningful consultation, particularly given the size and scale of the proposed SRV, and the period in which consultation was conducted (36% of which were weekends/public holiday). The community's ability to review and respond was compromised.

The consultation also failed to present a no SRV or a rate peg only option, meaning that residents were not presented with any details of whether services or infrastructure would not be able to be funded without an SRV.

2.1 Public engagement

The consultation period was conducted over the end of 2024 and beginning of 2025. During this period, 12 days of Council's Engagement Program were weekend days, and three days were public holidays (not including Christmas Eve and New Years' Eve). In total, 15 of the 42 days of consultation were weekends or NSW public holidays (35.71%).

This period did not allow the broader community sufficient time to review the material associated with the Community Strategy, or to absorb information about whether the personal financial impact of the SRV was reasonable.

There were at least eight significant and complex documents that required consideration. The community was not allowed enough time to review the extensive materials.

The increasing number of frequently asked questions (FAQs) on the consultation page is a clear indication that the engagement strategy failed to adequately address the complex fiscal proposals.

2.2 Closed consultation questions prevented community voicing opposition

Council's consultation did not allow respondents to either oppose the rate rise, or support a lower increase. It was a required question to proceed with the survey and therefore forced ratepayers to support one of the four high increase options, or to drop out of the survey. I immediately advocated to Council to change this to an optional question and/or add the ability to oppose any increase, however for three of the six weeks of their consultation it forced all respondents to support one of the four increase options.

While the Council's consultation report states that the high drop out rates reflect apathy or tacit approval (of the 4,494 people that visited Council's special rate variation website, only 17.6% completed the survey), the vocal opposition in the media, at the Council meeting, and in my survey (and those conducted by Cr Jessica Keen and Cr James Spenceley) demonstrate that the flawed consultation prevented ratepayers from being heard. Feedback suggests that the high drop out was from frustrated and disenfranchised respondents.

Within Council's own consultation report, it was acknowledged that "a high proportion of emails raised the issue of the survey not providing a "no SRV" option in the question on preferred options."

2.3 Consideration of community feedback

The Integrated Planning & Reporting (IP&R) framework emphasises the importance of community engagement. Following its consultation, North Sydney Council made only minor modifications to the original proposal following consultation - changes that ignored the concerns raised by the community.

- **The new option 2a**: Even though only 5% of respondents supported Option 2a (an 87.5% increase over three years), Council proceeded to adopt a similar new option (87.05% increase over two years) recommendation at its meeting on 10 February 2025. The final proposal therefore adopted by Council and applied for approval by IPART was not presented to the community during consultation, and its closest comparator was opposed by 95% of respondents.
- **Survey results ignored**: A survey conducted during the engagement period shows that 78% of respondents were unwilling to pay for the new projects, services, and initiatives outlined in the "informing strategies," which would cost ratepayers $146 million (that is, the new projects in Council's 10-year plan). Despite this, Council proceeded with the approval of these projects at its meeting on 10 February 2025.

2.3.1 Input from submissions

The consultation period yielded nearly 900 submissions, the vast majority of which opposed the SRV. However, Council's "Engagement Outcomes Report" and "Key Engagement Themes" fail to accurately reflect the feedback received from the community. There is little evidence that Council meaningfully considered this input.

Instead, the public outcry over the rate increases resulted in minor modifications that weakened the operational plan, rather than addressing the core concerns raised by residents.

As mentioned earlier, 78% of respondents opposed the new projects and services outlined in the "informing strategies," yet these strategies remained in the final proposal. Moreover, only 5% of respondents supported Option 2a, yet Council chose to adopt a close alternative. This clearly indicates that the feedback provided was not genuinely considered in the decision-making process.

2.3.2 Council Meeting on 10 February 2025

During the 10 February 2025 Council meeting, 44 registered speakers were present. Of these, 41 spoke against the SRV proposal, yet Council ignored these voices and proceeded with the proposal. Scrutiny of the timing of the meeting reveals that Council uploaded the minutes and other parts of its SRV application to IPART between 11:06 pm and midnight on 10 February, immediately following the conclusion of the meeting.

Given this timeline, it is impossible that community feedback provided during the meeting could have been incorporated into the submission to IPART. This raises serious concerns about whether Council genuinely considered the input before finalising its application.

The feedback from my own community survey, which has received more than 2,000 submissions, has been ignored by North Sydney Council in their adoption of their proposed SRV. In my community survey, I offered residents a yes or no question regarding whether they supported Council's proposed rate hike. The survey also offered a section where respondents could provide feedback ("Do you have additional comments you would like to make?"). Despite the overwhelming opposition conveyed in my community survey, which was presented to North Sydney Council at Council Meeting on 10 February 2025, Council chose to vote in favour of the rate rise.

2.3.3 Communication and engagement for last SRV application

In Council's last SRV application process in 2018-19, Council undertook direct mail to all ratepayers, held four information sessions, hosted eight drop-in information kiosks (each 4 to 5 hours long) and did a random phone survey of residents and businesses.

For the 2024-25 SRV application, Council did not undertake any direct mail – even to the ratepayers whose contact details they readily have and who were to be directly affected, and only utilised electronic communication including email to a small opted-in group and social media. This is a much lower standard of community engagement and demonstrates a failure to genuinely ensure awareness and seek feedback.

Residents have provided feedback that this demonstrates that Council was not being transparent and could have been avoiding opposition by minimising community awareness and engagement.

3. Impact on ratepayers

Council's application about the impact to ratepayers hinges on their "capacity to pay" report and reference to their hardship policy. It is dismissive of the concerns raised by ratepayers that they are experiencing ongoing difficulties in the cost-of-living crisis, can not afford the increase, and do not support the proposed expenditure associated with the increase.

Much of the ratepayer base, and renters who will be affected by the increase, would sit outside of the hardship policy but still view their own capacity to pay and/or willingness to pay as limited. The attached direct responses to my survey include many personal stories of impacts should this proceed.

Even households with higher incomes can struggle with additional cost imposts. Higher property prices often include higher mortgages and households that are highly leveraged. Ratepayers also have other expenditure commitments including school fees or medical costs. There is an assumption that these ratepayers have high disposable income – with no evidence to support it.

But even when a household has disposable income, it does not give government the right to strip them of it on a whim. Taxation shouldn't stifle the hard work and aspiration of people.

Council needs to be accountable for the way it wants to spend ratepayers' money, but unfortunately, because Council wasn't transparent with these plans during the September elections, ratepayers were not offered their democratic right to decide whether they supported the proposal of Council. Sadly, it falls to IPART to listen to the overwhelming feedback of the community and reject Council's application.

3.1 Impact on residents

The demographics of the North Sydney area provide further context on how the rate increase would disproportionately affect residents:

- 75% of the population is exposed to the pressures of interest rates or landlord rent-setting decisions.
- 90%+ of the North Sydney Council area is apartments, townhouses et cetera, not standalone dwellings.
- 76% pay high rental costs compared with Greater Sydney costs of 54%.
- North Sydney council area pays 54.5% high mortgage costs compared with the Greater Sydney area's average of 42.9%.
- While North Sydney has a higher average income, it also has a higher cost of living, including rent ($580 per week) and mortgage payments ($692 per week).
- 15.3% of households in the LGA have a weekly income of less than $1,000. 24% of individuals earn less than $1,000 a week, and 6% earn no income.
- 39% of households in NSC contain only one person, significantly higher than the 23.2% in Greater Sydney.

The area is also experiencing demographic changes, with a significant ageing population. Many residents are vulnerable to increased costs, especially those in single-person households or those renting, and those on fixed incomes including pensioners or self-funded retirees.

3.2 Impact on businesses

The impact of the proposed rate increase on businesses has also been a significant concern.

No engagement has been undertaken with either North Sydney Business Chamber or the Neutral Bay Chamber of Commerce, both active organisations representing the needs and voices of small businesses in our community. Small businesses have provided feedback that they can not afford the additional cost imposts, but some have also been reticent to speak publicly due to fear of recriminations from Council.

Major commercial property owners in North Sydney have voiced opposition to the SRV, warning that the proposed 87% increase would undermine investment confidence and harm businesses already struggling with high vacancy rates and post-pandemic economic pressures:

- Pro-Invest Group and Stockland have both criticised the proposed rate rise, with Stockland warning that the increase could push tenants away and harm the office market in North Sydney, which has historically been competitive.

- The owners of the Victoria Cross Over Station Development have stated that the rate rise would put unnecessary strain on newly established businesses in the area, just as they begin operations.

These concerns emphasise that the proposed rate rise could harm both residential and business communities by increasing costs at a time when many are already facing financial challenges.

4. Relevant planning documents

Council prepared and exhibited a raft of documents during the community consultation process, and with their application to IPART. Community feedback has been critical of the range of documents, lack of time to scrutinise the documents, the inconsistency is commentary particular in regards to Council's financial position, and the lack of information about whether there would be any services or infrastructure impacts if the SRV application was unsuccessful.

5. Productivity improvements and cost containment strategies

North Sydney Council has said in its application to IPART that it has financial challenges that need to be addressed for financial sustainability. However, Council has not proposed options for fiscal repair beyond an almost doubling of rates revenue, and in fact has proposed increased spending on a wide range of new initiatives.

Within Council's *Organisational Improvement Plan*, only a one-off $5 million saving and a recurrent $2 million saving was identified. Council's documents don't identify where this saving is from and whether it has already been redeployed. Some of the commentary refers to cost savings from an "organisational realignment" but also says this approximately $2 million has allowed for "new resources". Council's FAQs also refer to a 2023 "realignment" resulting in approximately $6 million of benefit, the proceeds of which were "redeployed" internally.

Nothing within the *Organisational Improvement Plan* or other Council documents demonstrates a productivity improvement mindset or a commitment to cost containment. Following the community consultation period, when Council received significant push back for not proposing alternative cost saving or efficiency measures, Council responded through its online FAQs with a broad and non-specific response which fails again to propose any specific initiatives:

> *Over the past two years, Council has embarked on a considerable review and organisational improvement path with a view to increasing overall efficiency and reducing costs.*

> *Council is working through a program of process and service reviews aimed at identifying opportunities to change the way services are delivered. In some instances, this may include reductions in service levels, however this will involve further consultation with the community.*
>
> *History has demonstrated that, when Council makes a quick and reactive decision to cut back services to reduce cost, these decisions have been reversed once the impact is felt by the community. Overall, while well intended and with cost reduction in mind, changes that do not take a considered approach often result in additional time and cost. All decisions must be balanced.*
>
> *To improve operational efficiency, Council is also considering the opportunity to implement better systems and technology.*

This reinforces the view among community members that Council is taking the easy approach of raising revenue rather than considering and making good decisions with the funding they already tax from ratepayers.

5.1 Response to community pressure for efficiencies

Following the consultation process, Council incorporated in its application to IPART that:

> *On review of community feedback, Council assessed the programs of work to determine what work could be deferred until later years to reduce the rates increase required in year one. This review deferred $4.9 million of work until later years. This has reduced the funding required in Year 1 and will still deliver the funding for strategic priorities within a 10-year period.*

Deferring projects to later years is not a cost saving or a productivity measure. It's retaining an expense and funding it in future. The community expects Council to make smarter decisions that reflect the priorities that the community has conveyed in regards to revenue raising and projects to be funded.

5.2 Key themes in community feedback on cost management

Many residents echoed the view that Council should look to cut its own spending first before asking residents and businesses to pay more, including proposing other options such as:

- Internal efficiency programs and cost cutting
- Deferring new spending proposals (including the Informing Strategies within the 10-year plan)
- Exploring divestment of any underperforming assets that don't fulfil a Council purpose within their $53.7 million investment portfolio.

- Staging future capital works and infrastructure programs like IT upgrades
- Accessing additional NSW Treasury Corporation loans

Feedback also focused on the historical inefficiencies and financial mismanagement of the Council, particularly the North Sydney Olympic Pool redevelopment, but also cost overruns on historic projects such as the Coal Loader Platform.

One example of a new project is the expansion of the Stanton Library, priced at $25 million in the *Long Term Financial Plan*, which residents don't see as a priority and view as a new risk of potentially doubling or tripling in cost in line with other infrastructure projects undertaken by Council.

Ratepayers argue that Council should complete the pool and, once they have demonstrated their ability to successfully manage less expensive infrastructure projects, then consider undertaking one more large project at a time.

6. Other relevant matters

6.1 Proposing an option that wasn't consulted on

Council's community consultation incorporated four rate rise options, one of which was an 87.5% increase over five years.

Following its community consultation process, Council determined that it would not proceed with any of the four options it consulted on. It created a new option of 87.05% over two years with a small amount of expenditure deferred for the first year (and a lower year one increase) along with a new/additional $10 million Treasury Corporation loan.

In either scenario – the 87.5% over three years and the 87.05% over two years, the community has not been listened to.

In the first scenario, only 5% of respondents to Council's own survey supported this option.

In the second scenario, which has been put to IPART for consideration, no ratepayers were consulted. It can only be assumed that an 87.05% increase would have been opposed if it had been consulted on, as Council's own consultation report acknowledged that the lowest rate rise consulted on (65.38%) received the highest level of support in its consultation (while also noting that for the first three weeks every respondent was required to support at least one rate rise in order to participate in the consultation.)

6.2 Conditions for any approval

Community feedback has also requested that any approval, whether partial or full, should include conditions related to the successful completion of the North Sydney Olympic Pool upgrade before any new infrastructure projects are commenced, a full audit of Council's assets to unlock equity elsewhere in the balance sheet, and the introduction of project assurance framework modelled on that required by Infrastructure NSW before any future projects are commenced.

7. Conclusion

North Sydney Council has applied for a staggeringly large increase in rates, and this money doesn't come from an unlimited pool. This is money that residents and businesses have worked hard to acquire. Their aspiration, their labour, and their plans for how they will spend any disposable income have been ignored by Council in what is effectively a cash grab.

Ratepayers were not contacted directly on this proposal – not by the postal addresses or email addresses or phone numbers that Council has readily on hand. They were not told transparently before the 2024 Council elections of this plan – even though the contract to undertake the SRV process was signed with consultants just days after the election. And when they tried to provide their feedback through Council's consultation, they were forced by the system to support a minimum 65% increase – or drop out of the survey.

This proposal isn't about fixing financial problems facing North Sydney and its residents. It is about a massive half a billion dollar revenue increase to bolster cash reserves and fund $150 million of entirely new projects – which Council's own community consultation demonstrate 78% of ratepayers don't support and don't want to pay for.

North Sydney Council has failed to demonstrate a need for the proposed rate increase, and have not considered the genuine and unreasonable impacts to ratepayers. The SRV proposal is based on questionable assumptions, inadequate community engagement, and financial projections that do not align with the Council's actual financial position. I urge IPART to reject this proposal and require Council to engage in further consultation and reconsideration of alternative measures.

Yours sincerely

[redacted]

Felicity Wilson MP
Member for North Shore

Author name: G. Curyer

Date of submission: Monday, 24 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I object to the magnitude of North Sydney Council's SRV. Detailed letter attached

Hello,

I write to object to the magnitude of the increase requested by North Sydney Council.

Increases are usually requested by Councils to cover increased outgoings. This increase is to fund as yet unknown expenses, in this case the Council's Informed Strategies which is effectively a wish list. This wish list has not yet been debated or discussed by the community, nor any priorities set. It is inappropriate to ask for a Special Rate Variation (SRV) without a clear need and use for it which has been clearly communicated to the community while discussed and debated within the community.

The SRV represents over half a billion dollars ($554M to be exact!) transfer of wealth from the community to NSC, with no guarantees of improving Council's performance. This is particularly disturbing given North Sydney Council's recent performance in the design and reconstruction of the North Sydney Olympic Pool. While meaning no disrespect to Council, they clearly didn't have the skills to manage a project of the size of the pool. Approximate figures (it is hard to get accurate ones) is the pool has blown out from $69M to $110M, one of the primary reasons for this SRV. Lets build the management and financial skills within Council again, before asking for half a billion dollars.

The SRV required to fund the pool and increased running costs is a fraction of what Council is asking. Possibly a 10% rise would cover that. The rest is for projects yet to be confirmed or debated or reserves. Can we please ask for that when needed? Asking to build reserves while at the same time asking to fund a project which has had a monstrous blowout is really having two bites of the cherry.

The Council has used the reconstruction of the North Sydney Olympic Pool as the catalyst for the need for an SRV. If that is the case then why is the SRV "permanent"? Making it a temporary measure would be more than equitable than what is a permanent rate increase, which will be compounded by future increases.

$167M or almost a third will be spent on 'Informing Strategies'. This is a wish list which was given to the community to comment on and a very select group was engaged with. The Council did not say that all these wishes would need higher rates to pay for them. Every person had a different wish, such as a new art gallery, new sporting field, etc. The job of Council is to prioritise, not grant everyone their wish. Especially when Council is under heavy financial pressure, as are local households, now is not the time to overextend or take on new projects. We need to get on top, both financially and management wise, of their largest problem first, the pool.

The Council wants to put away reserves for the future at the same time as we have an issue with a shortfall on the pool budget. They also want to spend $167M on the Informing Strategies at the same time. One Councillor described this as 'saving for a rainy day when you are in the middle of a rainy day'. Many think it is unrealistic to do all three at once, when only the pool must be dealt with now. Let's readdress this in three or so years.

The "SRV" makes no allowances for residents on fixed incomes, pensioners, single parents or retirees.

Only 5% of responding ratepayers voted for a 87% rate increase. That is of responding ratepayers to their survey, a small subset of ratepayers already in itself.

NSC is slated for a large uplift of dwellings – and therefore ratepayers – due to the NSW Government Transport Orientated Development (TOD) and Low & Mid Rise Housing initiatives. There seems to be no allowance for this uplift in revenue in the figures. Planning NSW and Mayor Baker have both quote 5,900 dwellings by 2029 just for the Transport Orientated Development in St Leonards and Crows Nest.

The 5,900 dwellings is an increase of 14.5% in the rateable base by itself. The NSW Government Low and Mid Rise Housing Policy wasn't gazetted when NSC was making this SRV application. It is gazetted now and applies to approximately 40% of the properties within NSC (as shown in attachment 'LMR NSC Housing'). Note in the attachment the TOD section is a tiny fraction of the Low & Medium Rise Housing section. It would not be unreasonable to see that figure of 14.5 % rateable base increase double or triple in the next few years. A 30% increase in the rateable base would negate a lot of the need for this increase.

NSC is a very small, mature council of 10.9 km2 with established infrastructure such as roads, footpaths and sporting facilities. There are absolutely no greenfield residential developments possible in the Council area. There is also no greenfield recreational facilities able to be built, due to no opportunities or sites. So every new dwelling or recreational facility is built in the place of existing, which already has services and infrastructure such as roads or footpaths. Even if we get 30% increase in dwellings we can not build one more football field, one more pool, because literally there is no where to put it! So there will be many more ratepayers, but the bulk of services are existing. We don't need such a large increase like Councils providing many new services.

It is often said that rates are lower in NSC than other suburban Councils. We should hope so! This tiny, mature Council with existing infrastructure should rate it's residents lower. When Council amalgamations were being discussed NSC had approximately $50M in the bank, this excess was achieved on these low rates. The rates are adequate for the needs.

The NSC General Manager gave a speech where the slides explained "The process for special rate variation is not constructive and extensive requiring significant time and resources." It seems as if the Council is asking for half a billion dollars in one go because they don't like IPART and don't like doing the paperwork. It is unfair to slug ratepayers with an 87% rate increase (plus CPI every year) because they find the paperwork significant. It is significant for a reason, IPART take their job seriously. That said, the GM has said they will reapply next year if they don't get what they want. Please grant a modest increase now and revisit this in three or so years, if possible with a bar on reapplying in the next 3 years.

I support the 'Lavender Bay Precinct Submission' which is extremely well thought out and detailed. It is attached though also probably seen before by you.

I ask that you approve a modest SRV increase, say 10%, to cover the pool and increased operating costs and not fund future reserves or Informing Strategies till Council and the community is better placed to afford, discuss and manage these large increases.

I have no objection to raising the minimum rates as long as that will still be constrained by the SRV variation.

Regards

Glen Curyer

FINAL DRAFT

EXECUTIVE SUMMARY

We believe NSC fails to meet IPART's conditions for the granting of a Special Rate Variation (SRV).

Contents

1. FINANCIAL NEED

1.1 Unsustainable financial position

Since November 27th, Council has advised ratepayers that North Sydney Council (NSC) is in an unsustainable financial position. Council says it needs to increase rates by 87.05% to "create financial strength and sustainability to support the essential services, infrastructure maintenance, and community priorities". Council's Financial Statements and Budget Reviews suggest otherwise.

In 2023/24 Council budgeted for an operating surplus of $1.6m and achieved a $13.1m surplus.

Council's December 2024 Quarterly Budget Review[1] reported.

- its cash and investment position is $141m at the end of January, just $3m less than the year before even after a $50 million over-run on the cost of the pool
- its debt was around $60 million, the bulk of which is attributable to the pool and nearly $28 million of which is not due to be completely paid off until 2042.
- an increase in Operating Surplus (including Capital Grants and Contributions): The surplus increased by $0.8 million, reaching $4.2 million.
- proposed adjustments to the latest quarterly budget report result in a net increase of $17.961 million in Council's forecast cash balances. This is due to the inclusion of a proposed $10 million loan, the deferral of capital works of $5.5 million and a slight improvement to the operating result.

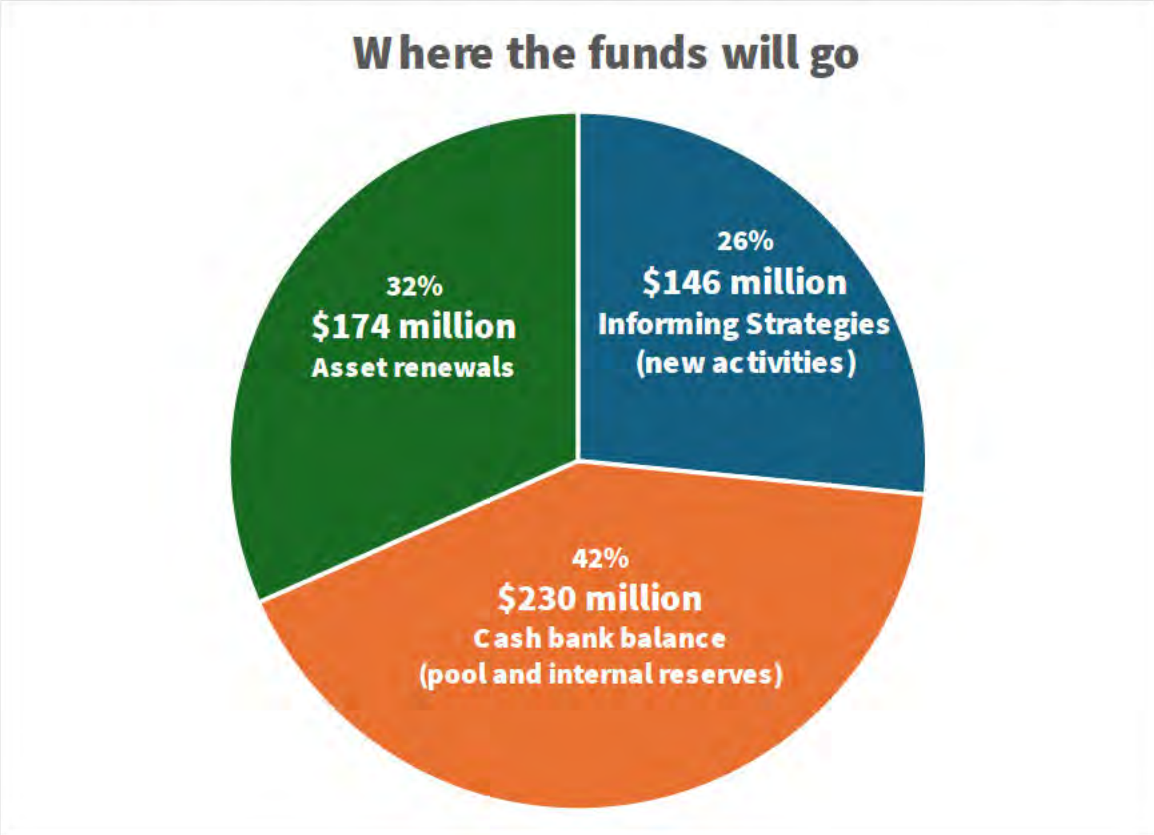
In addition, the Investment and Loan Borrowings Report as at 31 December 2024 and 31 January 2025 reported returns on investments exceeded the January YTD budget by $1,357,000.

It seems that Council expects to have an operating surplus of $6.5m to $8.5m cash p.a. for the next 10 years. Without the SRV, Council will add $67m to its cash position. If this is the case, there is no justification for an SRV.

[1] https://www.northsydney.nsw.gov.au/council-meetings/272/24-02-2025-council-meeting

1.2 Where the funds will go

NSC's proposed Special Rate Variation (SRV) will generate an additional $550 million in 10 years.



Council plans to spend these funds as follows:

- The SRV will generate an extra $558m over 10 years. In total, NSC will collect $1.3 billion from ratepayers over 10 years.
- Infrastructure renewals and backlog. The assumed infrastructure backlog is $146m, as reported by NSC (NSC), although other analysis has uncovered that $100m of this figure stems from a definition change used to represent asset renewal cost (that was not transparently disclosed by NSC in the financial statements that reported the infrastructure backlog). This makes the veracity of the $146m figure questionable. See further discussion in section 1.3 below.
- After allocating $550m to the above items, $230m remains available for the pool and other costs. Full pool repayment within 10 years is not assumed because there is a $31m loan extending to 2042 and a portion would be budgeted for without an SRV.

1.3 Change in Service Level methodology - $100 million impact

1.3.1 Undisclosed change in asset renewal cost methodology with $100m impact[2]

A review of Council's Report on Infrastructure Assets for the year ending 30 June 2024 was undertaken by [redacted], a highly credentialed and qualified expert in accounting and financial reporting. [redacted] shared his findings via an online video. https://youtu.be/sFTdUSM_GJo. [redacted] found that up to $100 million of Council's financial issues stem from a revised definition adopted to calculate the "estimated cost to bring assets to a satisfactory position" for FY24, which is an input into the Infrastructure Backlog Ratio (an indicator used to justify the rate increases). The analysis reveals that, in FY24, Council calculated the "estimated cost to bring assets to a satisfactory position" as the estimated cost of fully renewing Category 4 and Category 5 assets. In prior years, Council calculated this as the cost of fully renewing only Category 5 assets. Adopting the revised definition increased the cost by approximately $100 million relative to the figure that would have resulted using the previous calculation method (used in all years up to FY 2023). Using the previous calculation method, the cost would be $45.68 million, not $146 million.

Notably, this change is not disclosed in Council's FY24 Report on Infrastructure Assets (contained in its financial statements for the year ending 30 June 2024) or its LTFP (LTFP). While the FY24 Report includes the term "Restated" in the column headings for the 2023 and 2022 figures, it provides no explanation of what has been restated or why. The change becomes evident only when comparing the figures and footnotes in the FY23 Report on Infrastructure Assets (contained in Council's financial statements for the year ending 30 June 2023) with the corresponding section in the FY24 Report. It is concerning that Council did not disclose this significant change when discussing the issue of infrastructure backlogs or when presenting the Infrastructure Backlog Ratio.

In any financial reporting, a change in methodology that results in such significant impacts – in this case $100 million, should be clearly disclosed and explained.
Failing to disclose the change in methodology while using its outputs to justify rate increases undermines the principles of good governance and raises ethical concerns. It also denies ratepayers of the opportunity to understand the true drivers behind the cost increase, eroding transparency and trust.

1.3.2 Significant unexplained increase Category 4 & 5 assets (FY 23 - FY 24)

It is observed that in Council's FY23 Report on Infrastructure Assets, only 3.2% of assets in the buildings' asset class (as a % of gross replacement cost) were categorised as Category 4 and 5. However in FY 24, this proportion increases more than six times, to 20%. This is a significant increase and directly contributes to the value of the Infrastructure Backlog Ratio that is being used to justify the rate rises. Council has not disclosed its rationale for this.

1.3.3 The Asset Management Strategy 2025-2035

The community is satisfied with renewing assets in Category 5 only

The Asset Management Strategy 2025-2035 presented to Council on 10 February 2025 advises under Service Demand and Satisfaction (page 31) that

[2] Source: NSC - SRV Verbatim Submissions and Responses _ SRV881

"Ultimately, setting service levels should be done in conjunction with the community."
It then goes on to advise
"Council periodically undertakes a Customer Satisfaction Survey to determine community attitudes towards its services and facilities … The randomly selected representative sample consists of 400 residential and 200 business customers … It is clear from the most recent surveys that the North Sydney community expects the current level of service to be retained and is happy with what is currently being delivered."

Table 13: Customer Satisfaction Survey Results* – Asset Related Services

Service/Function	Category	2023	2023 v 2020 (% difference)
Maintenance of parks, ovals and bushland areas	Residents	95%	4%
Recreation facilities	Residents	84%	2%
Appearance of local village centres	Residents	93%	15%
Look and feel of commercial areas and villages	Businesses	87%	13%
Appearance of public spaces in the North Sydney CBD	Residents	91%	18%
Maintenance of commercial areas	Residents	64%	-9%
Appearance of public spaces in the North Sydney CBD	Businesses	90%	20%
Maintenance of local roads and footpaths	Residents	82%	9%
	Businesses	84%	11%
Pedestrian and cycle paths	Residents	66%	14%
Community centres and facilities	Residents	96%	46%

*Percentage of respondents who are at least somewhat satisfied with the services

The community does not support the revised Asset Management Strategy

The Asset Management Strategy advises that Council received over 1,000 responses in relation to the Special Rates Variation survey conducted between 29 Nov 2024 and 10 January 20254 and 262 responses specifically mentioned the Revised Asset Management Strategy. Of these only 17 Respondents (approximately 6.5% of respondents) noted their general support for the revised Asset Management Strategy.[3] In other words, 93.5% of respondents objected to Council's revised Asset Management Strategy which altered the current level of service for asset renewal. See discussion in 1.3.1 above.

Council states in its Asset Management Strategy that service levels should be developed in conjunction with the community, Council clearly does NOT have community support to alter the service level for asset renewal.

1.3.4 Council's revised definition is double that of other metropolitan Councils

Comparing NSC with other metropolitan councils reveals that North Sydney is now using a definition far from standard practice anywhere in other Sydney councils. On average NSC is using an estimated cost to bring assets to an agreed level of service of over double that of other Sydney metropolitan Councils.

[3] Source Paper 10.2. Asset Management Strategy and Asset Management Plans presented to Council on 10 February 2025

1.3.5 Absence of approval and transparency

Council executive did not seek Council approval to broaden the definition. Nor did they share with the community the reasons for this significant increase in infrastructure reporting. The change only became known during the consultation period between 29 November 2024 and 10 January 2025. This has resulted in loss of community confidence and trust in Council's calculations.

1.3.6 Council did not consider community feedback on 10 February 2025

Despite lack of community support, Council at its meeting on 10 February 2025 approved the Asset Management Strategy 2025 – 2035 along with the LTFP and the SRV application.
There were 44 registered speakers at this meeting, of which 2 spoke in favour of Council's proposals, 1 spoke in favour of advertising (see 1.10 below "User fees and charges) and 41 spoke against Council's proposals.
The meeting concluded at 11.06pm on 10 February. Council uploaded the minutes of the meeting prior to midnight on 10 February. Council's application for the SRV is dated 10 February.
IPART requires[4] that "Effective community awareness and engagement provides:

- members of the public with adequate opportunities to consider the proposed SV and/or MR increase/s and provide feedback to the council, and
- for the council to then consider this feedback."

Cleary Council had no intention of considering community feedback. The meeting was perfunctory which explains the distain shown by the Mayor[5] and others to the speakers and the community who wished to attend but were excluded.
In addition, the "minutes" uploaded on IPART's website are different to those on Council's website[6] . The minutes provided to IPART do not disclose the 44 registered speakers.

1.4 The North Sydney Olympic Pool

1.4.1 Lack of financial awareness

A prudent approach is to separate capital expenditure from recurrent expenditure. Capital expenditure should be financed through grants, loans and non-community asset sales. It should be repaid through revenue streams from the asset's utilisation. The North Sydney Olympic Pool (NSOP) is a capital investment and so the funding, under normal business practice, should be on the basis of long-term funding or selling other capital assets.
This lack of financial awareness, planning to fund a non-recurring expense (NSOP) through recurring funding (a permanent rate rise), does not accord with prudent financial practice.

1.4.2 Lack of transparency with pool overruns

In April 2023, following an "independent" report by PriceWaterhouseCoopers, the Mayor noted in an open letter to the community that current estimates suggest an additional $25 million to $30 million

[4] IPART 2025/26 Guidance booklet for councils
[5] https://www.youtube.com/watch?v=6X3HW1IVwTc
[6] https://www.northsydney.nsw.gov.au/ecm/download/document-11398694

will be required to complete the redevelopment of the pool giving a completion cost of between $95.7 million and $105.7 million.
However, it is concerning that new council report[7] says the overall cost of the pool is now $122 million but it is unclear what constitutes the additional $30 million.

1.4.3 Governance strategy

It is noteworthy in 2024 that NSC "resolved to develop a comprehensive governance strategy, aimed at preventing future financial missteps, such as those experienced during the North Sydney Olympic Pool project" [8]
Ms Shane Sullivan, who held the position of Executive Governance Manager at NSC from July 2021 to September 2023, is a highly respected governance professional and was a finalist in the 2023 Governance Top 100.
It is reasonable to expect that NSC had established procedures in place for managing major capita works. It is implausible that a comprehensive governance strategy was not implemented during Ms Sullivan's three-year tenure at NSC.
In November 2023, Ms Sullivan joined Morrison Low, advisers to NSC on the SRV.

In is also noteworthy that in 2020, NSC appointed probity adviser, Prevention Partners NSW, to oversee the tender process for the pool. The Probity Report, dated December 2020, concluded "*this Project was managed with attendance to probity, due diligence and legal compliance*" and "*Council has effectively reduced its corporate risks and can be confident that any resulting contract was arrived at correctly, legitimately and fairly*".

The current Mayor assumed office in December 2021, and during her tenure the pool has increased in cost from $63.9M to over $122M.

[7] Paper 10.11. North Sydney Olympic Pool - redevelopment project presented to Council on 24 February 2025
[8] LTFP page 6

1.5 Performance Ratios

The 2024 Annual Report indicates two benchmarks ("Operating performance ratio" and "Asset maintenance ratio") were slightly missed. All other benchmarks were met and exceeded.

Council's SRV takes Council's financial performance ratios well in excess of the Office of Local Government's (OLG) benchmark performance ratios.

		Benchmark	FYE2022	FYE 2023	FYE 2024	LTFP 2025/26, Table 13
1	Operating performance ratio	>0%	3.32%	1.33%	-0.02%	8.27%
2	Own source operating revenue ratio	>60%	80.51%	78.9%	85.36%	93.19%
3	Unrestricted current ratio	>1.5 x	2.71x	2.72x	2.42 x	1.14x
4	Debt service cover ratio	>2	17.38	8.11	7.90	8.17
5	Rates and annual charges outstanding percentage	<5%	2.94%	2.77%	3.74%	
6	Cash expense cover ratio	>3 months	15.39 months	14.28 months	11.84 months	7.84 months
7	Buildings and infrastructure renewals ratio	>100%	150.62%	86.79%	231.72%	82%
8	Asset maintenance ratio	>100%	88.69%	108.32%	98.64%	100%
9	Infrastructure backlog ratio: standard definition	<2%	3.65%	3.10%	??	??
	Infrastructure backlog ratio: changed methodology		11.07%	13.19%	13.11%	8.85%
10	Cost to bring assets to agreed service level: standard definition		$33.72M	$31.91M	$45.68 M	
	Cost to bring assets to agreed service level: non-standard definition				$146 M	$146M

1.5.1 Operating Performance Ratio

The result was just below the benchmark. This can be repaired by better containment of operating expenditure within operating revenue. Council has not demonstrated cost control.

1.5.2 Own source operating revenue

Council continues to exceed this benchmark indicating little reliance on external funding sources such as operating grants and contributions.

1.5.3 Unrestricted current ratio

Council continues to exceed the benchmark indicating its ability to meet its short-term obligations as they fall due.

1.5.4 Debt service cover

Council's debt service ratio reduced in 2023 and 2024 as monies were borrowed to cover the pool. In June 2024 the ratio continues to exceed the benchmark.

1.5.5 Rates and annual charges outstanding percentage

Council continues to exceed the benchmark.

1.5.6 Cash expense cover ratio

Council continues to exceed this benchmark indicating it has sufficient liquidity to pay its immediate expenses.

1.5.7 Buildings and infrastructure renewals ratio

This is skewed by money spent on renewal of the pool.
Also see discussion under Infrastructure backlog ratio below.

1.5.8 Asset maintenance ratio

The result was just below the benchmark.

1.5.9 Infrastructure backlog ratio

As reported in section 1.3 above, NSC changed its methodology to estimate the cost to bring assets to a satisfactory condition. This change has a significant impact on the infrastructure backlog ratio. Without the change the infrastructure backlog ratio would have been similar to previous years slightly higher than the benchmark but below the State average of 4.8%[9].

The "Infrastructure backlog ratio", "Asset maintenance ratio", and "Cost to bring assets to agreed service level" are all negatively impacted by Council changing its service level for renewing assets.

The Financial Performance of NSC satisfies the OLG Benchmarks, therefore an increase in rates cannot be supported.

1.6 Other revenue options not contemplated

NSC claim that extensive community engagement and consultation played a central role in shaping its SRV. The facts do not support this claim. Council has consistently ignored

[9] https://www.yourcouncil.nsw.gov.au/nsw-overview/assets/

feedback from the community – see Section 2.2 “Council ignored community feedback” below.

The LTFP is both complex and incomplete. It offers an ambit claim of four similar options and does not consider other options. There is no evaluation of alternative revenue measures such as asset sales, sponsorships, grants and loans.

There are several ways to reduce the impact of the rate rise but it takes a desire or interest or curiosity to explore them, however, it appears NSC has no interest in anything other than making the rate payers pay.

1.6.1 Reduced and/or staged rate increases

A motion calling for the inclusion of a range of smaller staged rate increases was defeated at Council on 27 November 2024.[10]

1.6.2 Cost control / Spread projects out further:

Council should cut its own spending first before asking residents and businesses to pay more.

But instead, Council plans to increase spending by $20 million (14%) next financial year, largely on salaries and new projects. It plans to spend an additional $57.4 million in the first three years on new projects. In addition, its plans include a $32 million upgrade for North Sydney oval, again paid for upfront by current ratepayers. Such capital works should be staged over a more reasonable period.

Council speaks about generally efficiencies but is silent on any real resulting cost savings.

1.6.3 Lower the wage growth assumptions and/or factor in productivity savings

The modelling assumes wage rate increases of 4.25% per annum. This is higher than both Commonwealth Treasury and Reserve Bank forecasts and assumes that real wages of council employees increase by 1.75% per annum. This is an aggressive assumption and could only be justified if there were significant ongoing productivity improvements which should flow through to lower council expenditure growth assumptions. Modelling should either use lower wage growth assumptions or add annual ongoing productivity savings which reduce projected council expenses. Council has done neither.

1.6.4 Loan funding to spread out costs.

Debt is a responsible and equitable way to fund large capital projects, aligning payment with usage. Both current and future ratepayers should share the costs of projects from which they will benefit. Instead of burdening today’s ratepayers, the pool and future large capital works could be funded through long-term, low-interest Treasury loans.

[10] Council Minutes, 27 November 2024,pp 13 and 14

1.6.5 Hold debt constant for the next 10 years rather than an aggressive paydown of debt

Repaying 70% of debt over the next 10 years is far too aggressive and a better strategy would be to hold the current level of debt constant until an appropriate gearing ratio is achieved. While the current level of debt is around one-third of total revenues, even under Option 1 this is projected to drop to 5.3% of revenue in 2034-35 - a far too conservative outcome. Holding debt constant for the next 10 years would see the debt to revenue ratio under Option 1 fall from 33.8% to 18.9% (and to around 17-18% under the other options).

1.6.6 Divestment of underperforming assets

Explore divestment of any underperforming assets that don't fulfil council purpose within Council's $53.7 million investment portfolio.

1.6.7 Maximise revenue from existing assets

The council forfeits millions of dollars in revenue annually by not capitalising on the revenue potential of its assets. Examples include the naming rights of North Sydney Oval, one of Australia's most iconic sporting venues, and the Ward Street North Sydney car park, which is situated above the Victoria Cross Metro station and has remained idle since 2020. For further details, please refer to section 5.2 "Productivity Shortcomings".

1.6.8 Revenue from increased ratepayer base

North Sydney's population and building stock (commercial and residential) is growing, which should expand the rate base and allow for a reduction in rates, not an increase. The rate revenue is already increasing due to the increased residential and business developments around the new Crows Nest Railway Station. More development will occur in the near future as North Sydney includes the Crows Nest Transport Orientated Development (TOD) Accelerated Precinct and two metro stations.

Residential:

The Crows Nest TOD precinct was rezoned in November 2024, allowing for 5,900 new homes. It has State Significant Development pathway to hasten development applications. Despite this and other approved residential developments in North Sydney, the Council's LTFP conservatively allows for just 300 new homes annually.

Commercial:

The Victoria Cross Metro site is a 42-storey commercial building with 58,000sqm of office space for 7,000 workers and 20 retailers, set to complete in 2025.
The Crows Nest TOD precinct offers commercial space for 2,500 jobs.
The LTFP appears to exclude these additional business rates.

1.7 Invalid rate comparisons

1.7.1 Minimum rates

Council compared its minimum rate increase with nearby Councils like Willoughby and Mosman, which lack CBDs, using North Sydney's low rates to justify the SRV. However, comparing North Sydney's current (24/25) minimum rates to Councils with CBDs shows that current rates are in already line, but post-SRV rates are not.

LGA	2024/2025	After SRV
North Sydney	$715.24	$1,300
City of Sydney	$668.50	
Waverly	$746.92	
Parramatta	$790.35	

1.7.2 Rate revenues

Comparing North Sydney's current (24/25) revenues with those of similar councils shows that North Sydney is in line with others on total revenue. However, it would be out of line if the SRV application goes ahead. Justification of such an outcome has not been provided.

LGA	Existing Revenue (m)	After SRV (est)
North Sydney	$138.150 M	$190.000 M
Woollahra	$126.841 M	
Willoughby	$146.736 M	

1.7.3 Conclusions require qualitative assessment.

Although the above comparisons show the differences between councils across a selection of specific activities, they do not explain why these differences have arisen. The figures are indicators only and conclusions should not be drawn without qualitative assessments being made.

1.8 The Long-Term Financial Plan

Council has not effectively managed its LTFP (LTFP), leading to an unexpected 87% cumulative rate rise. The new plan is significantly different from the previous one, which stated the council's financial position was sound.

In 2024, the council revised its eight 'needs' strategies without considering their cost implications, causing the LTFP to lag behind. Local Government Integrated Planning and Reporting guidelines require financial strategies to inform key strategies and plans during development.

The LTFP has been designed so that +$60million is allocated to Informing Strategies in the first three years. It is significantly front-end loaded when NSC has pressing financial, asset, operational and executional matters with which to deal.

The forward estimates of the Grants and Contributions included in the LTFP are listed as approximately $12.5 million pa. This seems to be substantially less than the historical average of $23.5 million pa (Annual reports 2019 to 2024).

1.9 The Eight Informing Strategies

Council's survey conducted between 29 Nov 2024 and 10 January 2025 shows that 78% of over 1,000 respondents do not support these eight strategies.

1.9.1 Not fit for purpose

One of the fundamental weaknesses of the Council's SRV proposals is the strategic plans (Informing Strategies). These strategic plans are fundamentally weak.
They are largely composed of rhetorical pronouncements, absent any meaningful tactical or operational specifics, and devoid of relevant cost planning evidence. The strategies do not demonstrate how any objectives are going to be achieved. The cost planning accuracy is reported as extremely high risk, and thus not fit for the purpose of aligning achievable ends with accurately defined and available resources (programmed funds and demonstrated high level expertise by committed personnel).

1.9.2 Discretionary projects in a "financial crisis"

Presenting these strategic plans whilst at the same time advising ratepayers that Council is in a 'financial crisis' is extraordinary. It illustrates the absence of discipline, focus and prioritisation. What is required is setting clear, simple financial and performance metrics to strengthen Council's financial footing – these have not been provided.
Council must take responsibility for establishing sustainable financial and operational plans. Rates must be determined by actual needs, not community popularity.

1.9.3 Willingness to pay

Where a council is seeking to demonstrate financial need for discretionary activities, councils need to demonstrate ratepayer support through a willingness to pay study.
In the survey conducted by Council between 29 November 2024 and 10 January, completed by over 1,000 ratepayers, 78% of respondents said they were NOT willing to pay for the new projects, services and initiatives from the Informing Strategies. Council needs to get its finances back on track and into the 'black' before embarking on any 'ambitious' expansion of Council services. Ratepayers question why they should commit to funding expanded programs when NSC is already struggling to execute existing projects efficiently, both in terms of time and cost.

1.10 User fees and charges

NSC claims that user charges and fees have not recovered to pre-covid levels due to societal and market changes. It cites decline in revenue from parking fees and advertising.

In terms of parking revenue, NSC fails to acknowledge its own role in the decline. Parking revenue was increasing steadily from 2022 to June 2024. The rollout of a new parking system in mid-2024, which attracted national media scrutiny, made parking more difficult for many users. The app-based system was confusing or inaccessible for a significant cohort, necessitated the continued employment of rangers despite NSW's transition to a ticketless fine system, and actively reduced revenue potential by allowing users to time and pay for their stays in real-time increments. Rather than improving revenue productivity, Council has reduced it.

With reference to advertising, in 2022, Council awarded a nine-year contract to JCDecaux for the installation of 54 digital advertising panels and street furniture. Three years into the contract, Council processes have obstructed all but six installations, jeopardising what JCDecaux representative David Watkins estimated on February 10 as $20 million in potential revenue over six years—sufficient to offset projected declines in other revenue streams.

For further information see Section 5.2 “Productivity Shortcomings” below.

1.11 Alternatives to the rate rise

Council did not canvass alternatives to the rate rise. See section 1.6 “Other revenue options not contemplated” above.

1.12 Community does not need/desire council projects

The evidence indicates absence of community need and/or desire for Council’s proposed service levels and/or projects
The 2023 Community Satisfaction survey indicated that 92% of residents were happy with the current level of service being delivered. See Section 1.3.3 “The Asset Management Strategy 2025-2035” above
Council’s survey conducted between 29 Nov 2024 and 10 January 2025 shows 93.5% of over 1,000respondents objected to Council’s revised Asset Management Strategy.
This survey also shows that 78% of respondents do not support these eight strategies. See Section 1.9 “The Eight Informing Strategies” above.

1.13 The OLG had no concerns re NSC’s financial sustainability.

Each year, the Office of Local Government (OLG) reviews the audited annual financial statements of all NSW councils. If OLG has any concerns about a council's financial position, it will contact the council and ask for an explanation. The OLG reviewed NSC’s 2023/34 Financial Statements and had no concern about NSC’s financial sustainability.

1.14 In summary

NSC has NOT demonstrated a financial need for its proposed rate increase.

2. COMMUNITY AWARENESS AND ENGAGEMENT

The engagement program (29 November 2024 to 10 January 2025) conducted over the holiday season was untimely and ineffective.

2.1 Public engagement during major holiday period

Seeking public engagement during the Christmas/January major holidays is unacceptable and against best practice when engaging at Local Government level. It does not provide the broader community an opportunity to review all the material associated with the Community Strategy.

There are over 8 significant and complex documents that require consideration.
The increasing number of FAQs on the survey's consultation page highlighted the engagement strategy's failure to address complex fiscal proposals adequately.

Council did not allow enough time for meaningful consultation, particularly given the size of the proposed SRV. This was not a considered and timely process.

2.2 Council ignored community feedback

The community is at the heart of the Integrated Planning & Reporting Framework (IP&R) framework. Effective community engagement results from a strong partnership between councils and their communities.
Council in its application cites extensive community engagement assisted decisions align with community priorities.
There was no meaningful community engagement – the engagement process was performative. This is regrettable as many inputs from people with relevant professional expertise and experience were ignored.

Following consultation, Council tweaked its chosen option, Option 2a

Option 2a	Year 1	Year 2	Cumulative
Pre consultation	50%	25%	85.5%
Post consultation	45%	29%	85.05%
		Difference	**0.45%**

The difference for ratepayers of 0.045% is immaterial.
There is no evidence that Council considered or implemented community feedback.

2.2.1 Input from over 800 Submissions ignored

Analysis and understanding of the SRV proposal is confronting for many ratepayers. Yet almost 900 thoughtful submissions were made, the vast majority of which opposed the SRV. Regrettably the “Engagement Outcomes Report” and “Key Engagement Themes” fail to accurately reflect the comprehensive feedback from the community. There is little evidence that meaningful community input was considered by Council. Instead, public outcry over rate increases resulted in minor modifications that weakened the operational plan rather than improve it.

2.2.2 Input from over 1,000 survey response ignored

Feedback from the community on the SRV proposal by way of a survey has also been ignored. For example,

- Only 5% of respondents supported option 2a, and yet Council adopted this recommendation from Council Executive at its meeting on 10 February 2025
- 78% of respondents said they were unwilling to pay for new projects, services and initiatives outlined in the “informing strategies”, and yet these remain at a cost to ratepayers of $146 million and were accepted by Council on 10 February 2025.

- The survey was flawed as it did not have options to oppose the rate increase or advocate for a lower rate increase. Despite requests from the community to include these options in the survey, Council chose not to alter the survey.

2.2.3 Input from speakers at Council on 10 February 2025 ignored

There were 44 registered speakers at Council on 10 February 2025 of which 2 spoke in favour of the proposal, 41 spoke against and the remaining speaker, Co-CEO of a global advertising company, promoted advertising.

The Council meeting ended at 11:06pm. Scrutiny of submission timing shows that North Sydney Council uploaded its minutes and other parts of its application to IPART between 11:06 pm and midnight on 10 February, moments after the council meeting concluded. Given this timeline, the SRV submission to IPART could not have incorporated community feedback provided during the meeting, raising concerns about whether council adequately considered the input before finalising its application. It appears the community's input was ignored.

2.2.4 Discrepancies between minutes of 10 February 2025

Meanwhile, discrepancies have been identified between the North Sydney Council minutes published on its website and those submitted to IPART as part of its application for the SRV. The version provided to IPART omits background details and a record of speakers, meaning the tribunal would not be aware that 44 registered speakers provided feedback, much of it negative, during the 10 February council meeting.

2.2.5 Unacceptable behaviour at Council meeting on 10 February 2025

Throughout the meeting speakers were treated with disdain by the Mayor with not even a polite acknowledgment of their valid inputs.

Some Councillors targeted and denigrated Councillors who did not agree with the SRV proposal. Such unseemly behaviour further dented the community's confidence in council's leadership.

One counsellor was totally offensive when he said, "*Do North Sydney Councillors really want to present themselves as the entitled Karens of Australia*[11]?" The use of such a pejorative slang term at a Council meeting is not constructive and totally unacceptable to the community.

In addition, many members of the public were turned away from the meeting. The council chambers are small and, despite Council anticipating large attendance and the meeting being webcast, there was no provision to observe the meeting for the over 250 ratepayers who wished to attend.

2.2.6 Workshop

On 7 December 2024, Council conducted a workshop with 42 demographically selected residents. However, this group was drawn from the pool which assisted Council in the development of the Informing Strategies in May/June 2024. As it was a biased group results from this workshop are invalid.

2.2.7 Media

Council advertised in two local newspapers, Mosman Daily and North Shore Times. Council did not advertise in other local newspapers such as North Sydney Living and North Sydney Sun.

[11] Meme depicting middle-class white women who "use their white and class privilege to demand their own way"

The advertisements were small and contained no informational content about the proposed SRV, but instead a QR code linking to a website.
The advertisement in the Mosman Daily on 19 December invited readers to attend a community forum that was held three days prior on 16 December, making a mockery of any consultative process.

2.3 Lack of clarity

Council has NOT clearly and transparently communicated the full impact of the proposed rate increases to ratepayers. Council's analysis understates annual rates by excluding Domestic Waste Management Charge (DWMC) and Stormwater Management Charge (SWMC), which can be $500-$700 annually for residential owners.

Council's Fact Sheet and LTFP do not mention DWMC and SWMC, leading residents to assume forecast rates include these charges. These charges are significant and their omission misleading.

For example, a resident paying $1,300 annually may mistakenly believe their payment will increase to $1,665 under Option 1, when it will actually be closer to $2,300 due to DWMC and SWMC.

Council has NOT clearly and transparently communicated the full impact of the proposed rate increases to ratepayers.

2.4 All or nothing scenario

Ratepayers were presented with an "all or nothing scenario", rather than a range of realistic funding options. All Council communications and engagements promoted a very narrow set of four options with no provision to oppose the rate increase, or advocate for a different increase or different timeframe(s).
Community sessions were conducted where the Mayor and Chief Executive presented only the four options with no provision to consider alternatives.
Offering four options only has confirmed ratepayers' view that the decision to increase rates by had already been made.

2.5 Ratepayers taken by surprise

It is baffling that Council reported a surplus in June 2024, and yet six months later declared an unsustainable financial position. There was no mention of a financial crisis before or during the Local Council elections in September 2024. The alleged financial crisis was first revealed at the Council meeting on 27 November 2024.

In addition, NSC appointed Morrison Low on 19 September. This was just five days after the 14 September election while votes were still being counted, and the new council was yet to be sworn in. This raises the question did the Chief Executive share this information with the Mayor and councillors. Examination of Council minutes reveal there was no discussion about Council's finances between consideration of the March Quarterly Report and November 2024.

If the Chief Executive shared information about an alleged financial crisis, then the question arises, with whom and when. If no, was the Chief Executive operating outside her authority?

2.6 Efficiency measures

There are vague promises to improve efficiency, but no discussion or strategy on how this can be achieved. Council's Organisational Plan lists efficiency measures but lacks specific operational details, cost savings, and measurable outcomes over the short, medium and long term. Without measurable outcomes, the "efficiency measures" look like bureaucratic "process reengineering".

2.7 In summary

The engagement process reinforced ratepayers' belief that the SRV decision was predetermined, and the engagement program was performative. Ratepayers were presented with an "all or nothing scenario", rather than a range of realistic funding options. Council's decision-making was neither transparent nor inclusive. As such, the community was not fully aware of the implications of Council's proposed rate increase.

Council's consultation with ratepayers was NOT effective.

3. IMPACT ON RATEPAYERS

3.1 Council relied on highly aggregated measures

Council relies on its consultant's report[12] to conclude ratepayers (residents and businesses) have the capacity to pay the rate increase. There is no evidence that Council considered how the *affected* ratepayer (resident or business) had the capacity to pay.

Morrison Low's report uses standard measures to reach its conclusion. However, many of these measures are highly aggregated and hence critical evaluation is required.

Council has not provided a revised hardship policy for those affected by the rate increase or assistance plan for those facing financial hardship because of this rate rise.

78% of survey respondents indicated they were NOT willing to pay for the Informing Strategies.

3.2 Impact on residents

Some points from the 2021 census are revealing on the impact on residents:

- 15.3% of the LGA have household income of less than a $1,000 a week.
- Individual income is equally interesting. 24% earn less than $1,000 a week and 6% earn nil income.
- Equally significant is this: In 2021, 39% of households in NSC area contained only one person, compared with 23.2% in Greater Sydney, with the most dominant household size being 1 person per household.
- Just 25% own their own home outright. 50% rent, and the remainder are paying off a home. In other words, 75% of the population are exposed to the pressures of interest rates and/or landlord rent setting decisions. This is slightly HIGHER than greater Sydney.
- While North Sydney may be overall richer, it also pays more for property. Average rent is $580 per week (NSW average $420). Average mortgage payments are $692 (NSW $432)
- North Sydney demographics are also aging. The largest changes in age structure in this area between 2016 and 2021 were in the age groups:
  25 to 29 (-887 persons)
  30 to 34 (-809 persons)
  75 to 79 (+709 persons)
  70 to 74 (+671 persons)

In terms of overall comparisons with other councils, where NSC likes to claim residential rates are quite low, it is worth noting that the LGA has a population density of 6,862 people per square km, and just 10.49sqkm of land to serve. This is twice the population density of Mosman (3,359) and around 60% more than Lane Cove (3,964). Simply, if you have more density, it is cheaper to service community with core council services such as rubbish collection, local roads and open space upkeep.

It is sophistry to compare North Sydney with other council areas that are more expensive to service and with clearly larger land lots (and per capita rate values) given their lower densities.

[12] Council Paper 10.3.5 Capacity to Pay, Morrison Low, presented to Council on 10 February 2025

3.3 Impact on business

Many property owners in their submissions[13] to Council criticised the rate rise. The North Sydney Sun summarised the issue on 4 February https://tinyurl.com/mvu8nzr7
The article is provided below.

Concerns rate rises will threaten North Sydney office market, retail recovery

"Major commercial property owners in North Sydney have strongly criticised the council's proposed Special Rate Variation, warning that a recommended increase of 87% would undermine investment confidence and harm businesses already struggling with high vacancy rates and post-pandemic economic pressures.

In submissions to the council's consultation process, Pro-Invest Group, Stockland, the investment managers of 2 Blue Street (Blue & William), and the owner of the Victoria Cross Over Station Development at 155 Miller Street have all voiced opposition to the proposed rate increases.

The owners of Victoria Cross Over Station Development at 155 Miller Street, home to a new Metro concourse retail precinct, said the SRV would hurt businesses just as they begin trading. "Retailers in the concourse only commenced operations in September 2024, and those along Miller Street will not open until 2026. Raising costs during this critical early trading period will put unnecessary strain on their viability," the submission stated. "These businesses are critical to the success of the new transport hub, and additional financial burdens will only stifle growth before they have had a chance to establish themselves."

"Retailers in the concourse only commenced operations in September 2024, and those along Miller Street will not open until 2026. Raising costs during this critical early trading period will put unnecessary strain on their viability," the submission stated. "These businesses are critical to the success of the new transport hub, and additional financial burdens will only stifle growth before they have had a chance to establish themselves."

Stockland, which owns 601, 110, 118, and 122 Walker Street, argued that the council's rate hike is out of step with NSW state pricing tribunal guidelines for reasonable rate adjustments and would place undue financial pressure on commercial tenants. "North Sydney has long relied on its competitive office market to attract businesses. A sudden and disproportionate increase in rates risks pushing tenants away and making the area less attractive for future investment," Stockland's submission said. It added, "Our commercial tenants are already struggling with post-pandemic economic pressures, and this rate increase will force some of them to reconsider their presence in North Sydney."

The investment managers of 2 Blue Street (Blue & William) echoed these concerns, pointing to rising vacancy rates and competition from Sydney CBD and Macquarie Park. They warned that increasing council rates at this scale "would place an additional financial burden on tenants already navigating an uncertain post-COVID commercial market" and deter businesses from leasing office space in North Sydney. The submission continued, "This

[13] Submission numbers 812,822,834,835 and 880 in Council Paper 10.3. Proposed special rate variation for long term financial sustainability, 10 February 2025

proposal will increase outgoings significantly for businesses, making it harder for them to remain competitive in a challenging economic climate."

Pro-Invest Group, which owns 100 Walker Street, said the plan contradicts NSC's own economic development strategy aimed at revitalising the area. "The proposed rate increase will negatively impact tenant affordability, disincentivise businesses from choosing North Sydney as a base, and reduce the attractiveness of the precinct for future investment," it stated. The group further warned, "Council must explore alternative revenue sources rather than placing the entire burden on commercial property owners who are already grappling with rising costs."

Multiple submissions noted that the council's proposed increases run counter to its stated goal of positioning North Sydney as a 'top-tier office precinct'. The property owners have called for alternative financial strategies and are requesting meetings with the mayor and CEO to discuss the potential economic ramifications of the SRV.

3.4 Impact on retail

This rate increase will also adversely affect retail businesses in North Sydney. The number of empty shops in Greenwood Plaza, the main shopping area in the LGA is concerning.
Retail vacancies in Greenwood Plaza have surged from 2% in 2019 to 24% by the end of 2024. The proposed rate increase could further deter tenants, risking higher vacancy rates, which contradicts Council's economic aspirations to revitalize North Sydney CBD.

3.5 Willingness to pay

Council's Informing Strategies represent increased service levels and are discretionary activities. Council's survey conducted between 29 November 2024 and 10 January, indicates 78% of over 1,000 ratepayers said they were NOT willing to pay for the new projects, services, and initiatives in the Informing Strategies.

3.6 In summary

NSC's proposed rate increase has an unreasonable impact on ratepayers.

4. EXHIBITION & ADOPTION OF IP&R DOCUMENTS

The relevant documentation was exhibited. However, as described in section 2 above, Council's public engagement program was not effective.

In addition, as noted elsewhere, there are issues with the LTFP and the Asset Management Strategy. Despite these issues being brought to the attention of Council, they remain unaltered.

Ratepayers have been presented with a fait accompli.

5. PRODUCTIVITY AND COST- CONTAINMENT

5.1 Organisational Improvement Plan Shortcomings

- NSC has illustrated $2,400,000 of savings annually in its Organisational Improvement Plan (page 7) however this has not translated into reduced operational expenditure in the North Sydney LTFP (page 12). Of note, the council appears to be increasing its operational expenditure significantly through to 2035 with no apparent reason, including additional staff and resources.
- The claim of *"a comprehensive program of review and improvement to ensure the effective use of public funds"* is inconsistent with the council's proposed operational budget.
- The *organisational improvement plan* and its proposed savings are inconsistent with the LTFP. There is no indication of Council's intention to reduce operational expenditure.

Improvement Plan Summary[14]		Comment
Past	$3,694,725	**Organisational Realignment** $2,300,000 listed as a cost saving. However, this represented management level salaries which were reallocated into other areas. The CEO advised the Combined Precincts Committee in April 2024 that the organisational restructure did not provide any cost savings.
Present	$1,160,000	**NSOP Business Plan**: The business plan for the redeveloped facility forecasts an increase in revenue of $1,080,000. However, i) The Business Plan in LTFP (LTFP) P48 shows a 3-year Operating Break-even and 3-Year Total Centre loss of $11.2M. ii) The 10-year Projections (extracted from the Risk Analysis) show a 3-Year loss of $12.2M and +$25M loss over the 10-year horizon based on target operating assumptions.
Future	$2,400,000 (ongoing)	**Systems Review** The systems review forecasts a saving of $1M. However, Council's 'Governance Strategy' outlines a $900k, 3-year Enterprise Resource Planning (ERP) project, which seems inadequate and needs a thorough review before proceeding. It is unclear how this relates to the Systems Review **Other Future Improvements** Lack detail
One - off	$5,000,000	Land not identified. Council has rejected community suggestions of land sales
Total	$7,254,725/year plus	

[14] Source: Organisational Improvement Plan

5.2 Cost savings from new initiative are questionable

There are no concrete savings proposals. Initiatives like process mapping, structural re-alignment and service review framework do not guarantee financial savings or service improvements. These should be spelt out and quantified in the LTFP. There is insufficient detail provided to assess its merits. If there is an efficiency saving, this should be more clearly described and quantified. There is insufficient detail provided in the LFTP to provide feedback.

NSC has not set out to contain any of its costs – rather it seeks to dramatically increase them. There has been no concrete improvement offered to its organisational productivity. In fact, the reverse is the case, where operating and capital costs are proposed to increase. Council has not proposed other options such as the sale of underperforming assets, accessing low interest Treasury loans to fund capital expenditure. It is unrealistic and unreasonable that costs are proposed to significantly increase while at the same time claiming a financial emergency, expecting the ratepayers to fund steep increases to revenues without Council reining in expenditure.

5.2.1 Organisational realignment

Despite that the organisational realignment has been operational for 2 years, cost savings have not been disclosed in the LTFP. Ongoing monitoring and reporting of Key Performance Indicators (KPIs) are essential to ensure that the realignment continues to lead to a long-term reduction in operating expenses.

5.2.2 Process mapping

The scope of the “process mapping initiative” should be determined by a cost-benefit analysis of the proposed changes rather than employing personnel to achieve “1000 over time” (LTFP page 9). A fiscally responsible business would prioritise process changes based on monetary impact and complexity, considering the costs involved in implementing these changes. This would determine which changes are most worthwhile, with a clear cutoff point where the return on implementing the change diminishes. By focussing on a number of processes, the initiative risks becoming an exercise in process for process's sake and will diminish the impact of any cost saving program.

5.2.3 Other initiatives

The cost savings associated with the introduction of initiatives such as the “new service level review framework”, “service unit planning”, “development and performance framework”, and “new workforce strategy” (LTFP, page 9) are not specified. Additionally, these changes would likely add to the complexity of the council’s operations, potentially requiring more resources and time to implement effectively. Without a detailed breakdown of expected savings and a clear plan for managing the increased complexity, it is difficult to assess whether these initiatives will deliver a net benefit or simply add administrative burden.

5.3 Productivity Shortcomings

NSC has repeatedly failed to implement asset and system productivity measures, either through mismanagement or inaction. Before seeking an SRV, it should first demonstrate competence in maximising its existing revenue opportunities.

In 2022, Council awarded a nine-year contract to JCDecaux for the installation of 54 digital advertising panels and street furniture. Three years into the contract, Council processes have obstructed all but six installations, jeopardising what JCDecaux representative David Watkins estimated on February 10 as $20 million in potential revenue over six years—sufficient to offset projected declines in other revenue streams.

Council's IPART submission cites falling parking revenue as a justification for the SRV but fails to acknowledge its own role in the decline. The rollout of a new parking system in mid-2024, which attracted national media scrutiny, made parking more difficult for many users. The app-based system was confusing or inaccessible for a significant cohort, necessitated the continued employment of rangers despite NSW's transition to a ticketless fine system, and actively reduced revenue potential by allowing users to time and pay for their stays in real-time increments. Rather than improving revenue productivity, Council has reduced it as a design feature.

Another example of neglected revenue potential is North Sydney Oval, one of Australia's most iconic sporting venues. Council's IPART submission includes $31 million in unspecified works for the Oval, yet it has never attempted to secure a naming rights sponsor—unlike some 110 sporting venues across the country, including in smaller markets such as Queanbeyan, Goulburn, Brookvale and Concord. This is despite the Oval hosting nationally broadcast women's cricket and major metro rugby league and union matches. Even a Council-selected 42-member focus group, hand-picked for demographic alignment, overwhelmingly supported greater commercialisation of assets, with 89% endorsing naming rights sponsorship. By contrast, support for rate rises was in the mid-60s. Council has selectively used this group's input to justify its SRV request while ignoring its clear preference for asset productivity measures. Tier 1 venues typically secure at least $2 million per year in sponsorship revenue, and North Sydney Oval, with its national profile, could reasonably expect a significant proportion of this.

Further evidence of Council's failure to maximise assets is its handling of the Ward Street North Sydney car park, located above the Victoria Cross Metro station. Council reclaimed this three-storey site in 2020 after a 50-year lease with Wilson Parking expired. In 2016, it was valued at over $80 million for development potential—an amount that has likely increased with Metro-driven demand. Yet Council insists on retaining it for a vague "master plan" for a pedestrian plaza. Notably, this plaza is absent from the extensive list of initiatives slated for funding or development under the proposed $550 million SRV over the next decade. This suggests no real intention to generate any form of commercial or social value from the asset, despite its prime location within a mixed-use zone and alignment with state planning priorities for urban development.
Collectively, these examples indicate that Council is willingly forgoing at least $100 million in revenue—and likely much more—over the next six years. Its track record demonstrates a lack of seriousness in pursuing greater asset productivity, calling into question the necessity of an SRV.

5.4 Efficiency shortcomings

The LTFP does not seem to address efficiencies associated with reducing project cycle time. For example, the delay in completion date for North Sydney Olympic Pool represents 12 months of lost revenue (approx. -$1.5M). Despite project cost overrun and delays, the decision to spend an additional $250k on the café and gelato bar at the NSOP further increases costs and delays. Delays in project completion result in assets that are not generating revenue as planned, which in turn leads to additional costs for ratepayers to maintain cash flow.

6. IN CONCLUSION

There is no quantifiable evidence that NSC has implemented a continuous improvement framework to identify and implement ongoing productivity and cost containment strategies.
In the future ratepayers should be provided with clear disclosure that the council has taken concrete steps to address inefficiencies, reduce unnecessary expenditure, and implement stronger financial oversight before seeking an SRV.

It is essential that Council focus on delivering necessary services, funding capital works, and maintaining a skilled workforce. This SRV proposal is undermined by the lack of strategic clarity and sound financial planning.

The community will support NSC if it demonstrates professionalism, transparency, and visionary leadership. To regain trust, the Council must act with integrity, clearly outline achievable goals, and demonstrate how it plans to meet those goals with the available resources. For these reasons, NSC's application for an IPART approved rate increase must be refused.

Robert Stitt KC
Chair Lavender Bay Precinct Xx March 2025

Lavender Bay Precinct[15] is part of the North Sydney Precinct System. Whilst under the auspices of North Sydney Council, it is independent from the Council in its activities and decision-making. Precinct Committees are run by residents and provide feedback to Council in an advisory capacity.

[15] https://www.northsydney.nsw.gov.au/homepage/113/lavender-bay-precinct

Low and Mid-Rise Housing Policy Indicative Map

Author name: G. Dimaris

Date of submission: Wednesday, 19 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I would like to strongly object to North Sydney Council's 87.05% special variations and minimum rates increase. I was at the council meeting where over 30 local residents spoke out against this massive rate increase and I was flawed by the majority of councillors' lack of empathy and consideration towards people that are doing it tough in a cost of living crisis. They simply did not care about the elderly, the marginalised, the families or the business who they represent. The disdain showed to the rate payers by the Mayor Zoe Baker and 6 other councillors was extraordinary. The fact that they did not ajourn to discuss the community's concerns and made their decision on the spot (a decison that was clearly already made) shows a lack of transparency and respect towards the rate payers who they are elected to represent, It was pointed out that North Sydney Council only need an increase of 10.7% to cover the cost of the pool fiasco. I trust that IPART will exercise common sense and will see that an 87.05% rate increase in a cost of living crisis will potentially send many residents and businesses to the wall. I understand that an increase is needed to sustain the works of the council, but an increase of this magnitude will be an absolute community disaster.

Author name: G. Largent

Date of submission: Saturday, 22 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I would like to strongly oppose this rate variation. Had the council properly managed the North Sydney pool project this proposal would never have been proposed. To put the burden of the huge extra costs on to all the North Sydney rate payers is truly appalling. The treatment of the large numbers of objectors at the supposed open meeting was also appalling, on the borderline of bullying. Please do not let this happen.

Author name: G. Wild

Date of submission: Tuesday, 18 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
As long term residents we are stunned and outraged by the remarkable action by a divided council who collectively have no understanding of elementary business principles Whilst an increase in rates may be justified, this can be achieved over a longer period of staged increases

Author name: G. Wilmot

Date of submission: Saturday, 1 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am in North Sydney Ciuncil area and strongly object to the proposed 87% rate increase. The cost of upgrading the North Sydney pool should be covered by the NSW government and NOT by residents, many of whom do not use the pool. I believe the Council should have planned the funding of the pool before entering into the upgrade of the pool. Any issues with the build should have been sorted before the works commenced. I am extremely disappointed with the Council in forcing me to pay this exorbitant in rates. I will certainly not be voting for any of the Councillors who supported the rates increase.

Author name: G. Witton

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Re North Sydney Council Rate Rise: It appears that the proposed rate rise is primarily due to the inability of Council to manage the LGA's finances and the inexperience when the contract for the North Sydney Pool infrastructure project was signed. The Council would not be in the situation that it finds itself, if a fixed price contract for the pool project had been signed, preventing the 'blow out' in the costs associated. An investigation needs to be conducted into the signing of this agreement. Council have reported that there is a surplus planned for 24-25. Why do we need the increase in rates?

Author name: G. Wright

Date of submission: Monday, 24 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
To IPART I am a resident of the North Sydney Council area. This is my submission to express MY WILL that North Sydney Council (NSC) DO NOT increase any rates or levys. I attended the recent Council Meeting in which this decision took place to refer the request to IPART to allow a rate change. I am strongly opposed to the increases proposed and question the recognition of the councils jurisdiction as a local council. All Parliaments require authority from somewhere to make Laws. Where does the NSW Parliament receive its authority from? Answer; the NSW Constitution s5 and the Commonwealth Constitution section 108. The NSW Constitution is subject to the Commonwealth Constitution Section106. Local Government relies on the Local Government Act 1993 (NSW) for its existence. The Local Government Act 1993 (NSW) relies on s51 of the NSW Constitution for its existence. Municipal institutions and local government, is in the Commonwealth Constitution as a department of a State Government. (Pages 935 & 936 Annotated Constitution). In 1986, The Parliament of NSW amended the NSW Constitution to in include s51 which inserts Local Government into the NSW Constitution. Therefore, s51 of the NSW Constitution is unlawful and, as a result, so is the Local Government Act 1993 and, consequently, so is Local Government as a Government. Local Government can only be a Department of a State, and Departments of State Governments cannot govern us, cannot create Laws (Local Laws) and above all cannot Tax us (Rates). Municipal institutions and local government are in the Commonwealth Constitution, as a department of a State Government. In 1993, the NSW Parliament altered its Constitution to include a 3rd or an essential tier of Government which has effectively altered or is at least repugnant to the Commonwealth Constitution. The Council Members and Mayor did not read the room they do not reflect the Will of the People. It is MY WILL that IPART addresses the ALL the concerns below. Prove the council can legitimately pass laws (provide proclamation certificate as per the requirements of the constitution ACT 1900 Investigate and prosecute potential corruption and misappropriation of funds prior councillors, current and management Investigate and prosecute the obvious diseconomy of scale. Provide the residents proof the North Sydney Council have done due diligence and are capable of due diligence. In 1986, where did the NSW Parliament get its authority from to alter or at least make laws (their constitution) that are repugnant to the Commonwealth Constitution Explain how delegatus non potest delegare, NSC a delegate can not further delegate as in NSC subcontracting its duties including Exclusive Dealing and Third Line Forcing. Explain how the NSC is NOT breaking Third Party Dealings LAWS in all contracts including parking meters. Explain why Off Street parking created in Fee Simple is effectively taxes contrary to Section 1 Part V section 55 (One Subject of Taxation Only) Confirm or deny that it IS a requirement that a driver Must have a Credit Card or Mobile Phone to (A) Drive and (B) Park Off Street in NSW Explain why the North Sydney Council and Staff should not be dissolved and capable applicants for roles sought to fill positions on reasonable employment contracts. Please respond to ALL of the above in 21 Days Gavin Wright [redacted]

Author name: H. Csano

Date of submission: Monday, 24 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Being an accountant it is difficult to comment on details of this huge increase without seeing budget and actual figures. I can appreciate that it is not easy to run a council of this size especially with huge projects like the North Sydney Olympic Pool. However, just like every organisation, there should be a budget drawn up and actual costs with some variation. This should not be a huge deviation. The current proposal of an 87% is anything but reasonable. It will also not be easy to come up with an extra 87% (over 2 years) for this increase! Being a single income household with a dependent, the current interest rates and increase in living costs, it is becoming impossible to maintain a good living standard in the area. I can see the number of projects being undertaken by North Sydney Council to improve the area, but is it really necessary? I see a lot of waste going on, healthy plants being pulled out from garden beds just to be replaced by new ones, unused play areas where a lot of money was spent on building it (Young Street playground) but now not even used, current cycle lanes at Grosvenor and Young Street. With a lot of development in the area, I understand the need for new pathways and infrastructure, but why is this up to the locals to pay for this, not the developers? Why is it also up to the North Sydney Locals to pay for the pool when it is used by the city as a whole? Likewise, wont the increased number of people in the area add to the councils bank account? It certainly feels like this increase is to push families like mine out of the area just to make it more exclusive for those that can afford it. Shame on North Sydney Council for having this mentality. Im looking at a current retirement of 72 years before I manage to pay off a small apartment in Cremorne, I dont appreciate this increase making my life more difficult and stressful. Doesnt look like I will have much of a choice with this. Thanks NS council.

Author name: H. Hatfield

Date of submission: Thursday, 6 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The submission by the North Sydney Council showing a rate variance is built on great intentions with very limited description of the specific community projects that will help achieve those intentions. The details which have been presented do not reflect the substantial work done by the Kirribilli Village Community to survey residents and business owners in regard to their concerns and desired enhancements,

Author name: H. Pritchard

Date of submission: Friday, 14 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Hi I have been a rate payer and owner/occupier of [redacted] for 44 years. In 1981 the rates were about $160 per quarter. They are currently $440 per quarter. The proposed increase of 87% over two years is excessive and far above the CPI. It will impose severe hardship on those living off pensions, fixed incomes and even for those living off investment returns from shares etc which can go down as well as up. It appears that North Sydney Council has a problem keeping expenditure in line with income. It should consider cutting costs further and selling assets before hitting ratepayers with a massive hike. Perhaps consideration should be given to NSW government intervention or amalgamation with City of Sydney Council or Willoughby Council if that course of action will result in fiscal competence and a fair go for ratepayers. Regards Howard Pritchard

Author name: I. Davies

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Although North Sydney has made its case for a rate increase, the proposed increase of 87.05% appears to me to totally unreasonable. I strongly oppose this amount and request that IPART's sense of of fairness will prevail in this matter. Yours sincerely Ian Davies, North Sydney Resident

Author name: I. Miller

Date of submission: Monday, 24 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
From: Ian Miller Date: 24 03 2025 To: IPART Re: North Sydney Council Special Rate Variations & Minimum Rates 2025 2026 Review Reasons for OPPOSING I have worked and own property in Crows Nest and North Sydney CBD for over thirty years and have paid rates and seen rate increases, but not like this one. In 1980s-1990s there was a voluntary contribution plan to buy land in Alexander St Crows Nest by business owners, to build a car park in Crows Nest. Its amazing but true - the original Alexander Street Car Park land was purchased by business owners and then provided to NS Council to build the car park. In addition there was a move to improve the rest of Crows Nest CBD and that is when the NSW Department of Planning was implementing the Mainstreet contributions plans. NSC conducted a referendum and the majority of CN commercially owned properties agreed to contribute to the Crows Nest Mainstreet Levy.. Crows Nest Alfresco Dining areas for the restaurants were built into the Council managed road pavement i.e. Willoughby road eatery. It was pretty revolutionary in NSW at the time. The rentals of those alfresco areas started off cheap for the restaurants, but got more and more expensive. A business owner said once it was akin to highway robbery. In the beginning the CNMS levy was limited to three years and there was a stipulation that a proportion of that levy be administered directly by the Crows Nest businesses, who were to have an office and a coordinator. This was to make sure the funds were spent in Crows Nest, NOT to go into ORDINARY RATES! I was on the Crows Nest Mainstreet Board of Directors and I personally attended many meetings with Council the meetings were chaired usually by the Mayor Councillor Genia Macaffery NSC staff included Greg Cooper, John Butterworth, Bob Amery and Jenny Gleeson all the meetings were minuted. In 2014 when the Woolworths site and the Alexander Street car park sites were amalgamated and Woolworths built the NEW Woolworths over both sites. Woolworths managed the redevelopment and it got built on time and on budget. It was a good result for Crows Nest, because the first car park built and designed by NSC was cheap and nasty, the public toilets were disgusting, there was no internal ramp VERY INAPPROPRIATE for a shopping centre. This is all relevant because after the NEW Car Park was approved many CNMS Board members were fatigued and resigned etc. There was also a new Council and new council staff lots of changes. It was around this time the CNMS levy was made permanent, after a few extensions ...BIG MISTAKE! North Sydney Council retained ALL the CNMS levy funds this fact should be investigated by IPART. In the NS Council submission for the Special Variations and Minimum Rates 2025 2026 Review Council proposes to : adopt a new rating structure to commence from 1 July 2025, which incorporates the current Infrastructure Levy, Environmental Levy, Crows Nest Mainstreet Levy and Neutral Bay levy into ordinary rates. And to increase our rates by 45% (2025/2026) and 29%n (2026/2027) - permanently, is too much. The NSC application doesnt mention that the Land Valuations on individual properties have been updated in 2024 so Council will get more increased rates as a result of the NEW Land Valuations. Nor were the submissions in MAJORITY supportive - RUBBISH they were. I oppose NSC increasing the rates on the Commercial properties in North Sydney Council area, but would support more accountability on their spending. NSC is responsible for the footpaths and retail centre. The foot pavement and restaurant areas have been getting renovated now for over two years - Council are managing the renovation. BUSINESSES are going BROKE! Its not that NSC havent spent money they have but are they spending it wisely? NO - its a mess. NSC have not managed the renovation of the heritage listed NS pool, well, either. T In NS Council Minutes they state the reason for the proposed Increase to rates is "to create financial strength and sustainability to support the delivery of essential services, infrastructure maintenance, and community priorities." and "to improve Councils financial sustainability and to improve the equity between those on the minimum rate and those on the ad-valorem. " 87.05% over 2 years - permanently.... too much. NSC previous rate increase reasons (2019) were: "to fund improved levels of service and new infrastructure and infrastructure renewals. NSC applied for 40.26% and the cumulative increase approved was 22.5%" Same, Same - no change. Meanwhile, we're all still trying to recover from the pandemic, there is a cost of living crisis and this huge unwarranted increase will send too many small businesses into bankruptcy. I oppose the NSC SRV increase application. Yours sincerely, Ian Miller

1. THAT Council:

1. receive and note the contents of the Special Rate Variation Community Feedback Report, which outlines the feedback received from the community consultation on the proposed Special Rate Variation (SRV), increase of minimum rates and changes to special levies.
2. note the NSW Parliament's Standing Committee on State Development 'Inquiry into the ability of local government to fund infrastructure and services 2024' recommended changes to the local government rating system which would assist councils in addressing some of the cost pressures faced in delivering community services and infrastructure.
3. adopt a new rating structure to commence from 1 July 2025, which incorporates the current Infrastructure Levy, Environmental Levy, Crows Nest Mainstreet Levy, and Neutral Bay Mainstreet Levy into the ordinary rates.
4. note that the special variation to rates to IPART is consistent with Council's responsibilities under the Local Government Act 1993.
5. adopt Revised Option 2A of the Addendum to the 2022-2026 Delivery Program included within Attachment 6.
6. adopt the revised 2025-35 Long-Term Financial Plan (LTFP) and proceed with Revised Option 2A as a strategy to improve Council's financial strength and sustainability.
7. make an application to the Independent Pricing and Regulatory Tribunal (IPART) for a permanent Special Rate Variation (SRV), under Section 508A of the Local Government Act 1993 commencing on 1 July 2025. The SRV would permanently increase total ordinary rates over 2 years and remain in perpetuity, as follows:
   a) a 45% increase for the 2025-26 financial year (inclusive of the 4% rate peg determined by IPART for the year).
   b) a 29% increase for the 2026-27 financial year (inclusive of the forecast rate peg of 3.0% for that year)
   c) the removal of the current Infrastructure, Environmental and Main Street levies, and the income incorporated into the ordinary rate.
8. make an application to the Independent Pricing and Regulatory Tribunal to set its minimum rates in accordance with Section 548(3) of the Local Government Act 1993, for residential rates, as follows:
   a) $1,200 for the 2025-26 financial year, and
   b) $1,548 for the 2026-27 financial year. The minimum rate will change by the rate peg from 2027/28.
9. make an application to the Independent Pricing and Regulatory Tribunal to set its minimum rates in accordance with Section 548(3) of the Local Government Act 1993, for business rates, as follows:
   a) $1,400 for the 2025-26 financial year, and
   b) $1,806 for the 2026-27 financial year. The minimum rate will change by the rate peg from 2027/28.
10. approve the pursuit of opportunities to generate revenue through advertising as appropriate.

45%
+
29%

Author name: I. Sinclair

Date of submission: Saturday, 1 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Dear IPART Re: North Sydney Council Thank you for taking submissions on this important issue. I wish to object to the proposed rate increase by NS Council. The primary reason for the proposed rise is the blow out in cost associated with the North Sydney Olympic Pool. The pool was closed in February 2021 and has been a construction site since then. Cost blow outs have been evident since 2022. Many factors have been blamed so it is difficult to determine 'fault' except that it appears to have been a mismanaged project from the beginning. The new pool when finished will be an iconic site with significant to Sydney and NSW tourism. This is not a 'local' suburban pool, which is used by a very local community as many pools in the suburbs are. This is a site that is a significant tourism asset for Sydney and NSW. It is not only a pool and gym, but also a destination for iconic views and leisure. It is absurd and unfair to make the rate payers of North Shore fund this pool cost blowout as it will attract many thousands of visitors who may not normally attend a 'local council' pool/aquatic centre. The local rate payers should not be expected, by default to fund a major tourist attraction. I urge IPART to not permit NS Council to increase rates to fund this pool. Alternative means need to be found to fund the NSC share. I also call upon the NSW Government to recognise the state significance of the pool and assist with the funding. As Milson Point residents have endured a prolonged construction impact on the local area I ask that residents in Milsons Point be provided with a number (i.e. 20 pool entry vouchers) to compensate them from the prolonged impact of the pool construction. Kind regards Ian Sinclair I fully understand that NS Council has to bear some of the cost and responsibility, but the local community are not the sole beneficiaries of the pool

Author name: J. Cheong

Date of submission: Friday, 28 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I object strongly to North Sydney Council's proposal to raise council rates by 87%. This council is attempting to cover the cost of the renovation of North Sydney pool, which has more than doubled due to their total mismanagement. With the amount that has now been spent, a whole apartment block could have been constructed and very likely finished in the period that the pool has lain dormant. Residents are now expected to pay for the ineptness of the council to carry out a project they were never qualified to do.

Author name: J. Cross

Date of submission: Thursday, 20 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am a residential ratepayer of North Sydney Council. I do not accept that the proposed 87% special variation is a justifiable increase in our household rates. It is unfair to impose such a large uplift, with no consideration of ratepayers' ability to pay, public consultation or any obvious plan to cut Council's costs or improve productivity. - Council says it needs more money to "create financial strength and sustainability to support the essential services, infrastructure maintenance and community priorities". It's most recent financial report (Dec 24) shows a very healthy financial position, with an operating surplus and positive cash balance. This will only improve as the number of ratepayers increases due to all the new apartments that are being built - it does not need to raise rates. - Much of Council's argument seems to be that it needs the additional funding because of cost overruns from the North Sydney pool refurbishment (blamed on poor planning by the previous Council - of course!). North Sydney pool is an asset used by people across Sydney, as well as being a huge tourist attraction. It is unfair that this is funded by North Sydney ratepayers. Further, capital works should not be funded out of Council's operating income. Council should be funding the works via long term debt which is repaid from the future revenue generated from the pool. - Council is claiming that it needs additional funds to replace infrastructure assets but has provided no detail as to what these are and why the "backlog" has increased substantially. This appears to be due to a change in the definition of what is classified as a "backlog" asset, but again, no information has been provided as to why this is necessary. As a local ratepayer that regularly walks around the area, there are no obvious signs of dilapidated or run-down amenities and my own community is very happy with the services currently provided. - Council is proposing to increase its income by raising rates but does not appear to have any initiatives to reduce its own costs or raise revenue from other sources. The recently introduced parking meters are a disaster - they cost parkers more but benefit the third-party app provider, not Council, and most car-owners I know avoid using them. No wonder parking revenue is (apparently) down. There appear to be no other strategies for alternative sources of revenue or reducing costs eg selling off redundant assets, automating processes / using AI for property management etc - Council has largely ignored community feedback on the rate rise, which is overwhelmingly not supportive, and seems to be pursuing its own agenda and not the agenda of the people it represents. I do not know a single ratepayer who is in favour of the proposal once they found out about it (mostly from the TV coverage of the protests when it was debated at Council). The feedback survey was sent out over the Christmas holiday period, so many people missed it and the survey itself did not include an option to oppose any rate rise or any of the options offered by Council, so many others did not complete it on that basis. - When I look around at my neighbours, they are mostly either mature residents, (myself included) or people with young families. We simply cannot afford to have our rates doubled so that Council can build a war chest to fund some future, as yet undisclosed, grandiose plans.

Author name: J. Diddams

Date of submission: Wednesday, 19 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am writing to express my strong objection to the proposed 87% rate rise by North Sydney Council. This extraordinary increase will have a devastating impact on residents, businesses, and the community as a whole. As a resident in North Sydney, I am deeply concerned about the affordability and fairness of this proposed rate rise. Many residents, including low-income families, retirees, and individuals on fixed incomes, will struggle to absorb such a significant increase. The proposed rate rise will inevitably lead to financial hardship, reduced disposable income, and decreased economic activity in our community. Furthermore, I question the justification for such a substantial rate rise. I urge IPART to scrutinize the Council's financial management and budgeting practices to ensure that all avenues for cost savings and efficiency gains have been explored. It is essential that any rate increase is reasonable, justified, and in line with the Council's community obligations. I also note that the council held elections late last year and at no time did any of the councilors up for election at that time advise of the parlous financial situation that they now use to justify this enormous rate increase, actions I would call misleading and deceptive conduct! I request that IPART consider the following: 1. A more modest rate rise that reflects the Council's genuine needs and is aligned with the current economic conditions. 2. A phased implementation of any rate increase to minimize the financial burden on ratepayers. 3. Greater transparency and accountability from the Council regarding their financial management and budgeting practices. I would appreciate the opportunity to attend a public hearing to express my concerns and provide further feedback. I look forward to IPART's consideration of my submission. Thank you for your attention to this matter.

Author name: J. Egan

Date of submission: Wednesday, 19 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Please be informed that I, a rate payer of North Sydney Council, am strongly opposed to the excessive rates increase. It would appear the Council is guilty of poor management, and rather than hit rate payers excessively they should find savings.

Author name: J. Fehling

Date of submission: Thursday, 20 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
This rate rise is paramount in a cost of living crisis, where tenants can barely afford the rent as it is. The council has had a surplus in the last year, where is the justification for the proposed rate rise. The justification from the council regarding the North Sydney Pool, the computer infrastructure at the council chambers etc. are not a justification. The council must be held accountable where the money is used and should also consider the small income earners, instead of raising their own salary to an exorbitant amount.

Author name: J. HANCOX

Date of submission: Monday, 24 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I fully support the submission of North Sydney Council. I have read all of the documentation referenced in Council's application and have been an active participant in community forums (as an expert panel member of the Open Space and Recreation strategy), Precinct meetings (I am an elected officer of Wollstonecraft Precinct), on line surveys and direct discussion with Councillors. My home has been in Wollstonecraft continuously since June 1994 in a 3 bedroom apartment. North Sydney Council rates have been historically low when considering the level of service provided. I enjoy the Minimum rate and pay the full rates as levied in four equal instalments. As a Precinct officer I have become familiar with Council's systems and service and have been a regular respondent to the Have Your Say pages on matters of both personal and community interest. I always make submissions on Council's advertised strategies of long term forecasts and annual budgets. The minimum rate has always appeared to me as a "once size fits all" approach that is unsuitable for North Sydney Council given its comparatively high density population and the large number of private and public schools that do not pay rates but are increasingly using Council's assets such as playgrounds and the excellent Stanton library. I believe I am one of the silent majority that can both afford the proposed new minimum rate and more importantly will benefit from the strategies that have been formulated and included in the long term forecasts and financial plan. North Sydney (and my immediate area which includes Crows Nest St Leonards) is on the verge of a massive increase in density by way of the NSW governments focus on increasing housing and affordable housing. The government whilst imposing this massive density increase is not offering to match that increase with the necessary quantity or quality of infrastructure that will be needed. Council will be required to service that density increase and will need to have all its assets in the best condition possible. One example is the Crows Nest Indoor sports centre, an asset that is in the Poor / Very Poor category. Assets like this are numerous throughout the LGA. The documents submitted with the application by Council represent the most complete and thorough review of Council's assets and financial performance ever done in my time. They are the product of excellent oversight by new management initiated by a new Council at the mid term of 2021/22. North Sydney Council's submission for a SRV deserves the support of the community. John Hancox 24 March 2025

To: Independent Pricing and Regulatory Tribunal (IPART)

From: James Jeffree, resident of Waverton

Subject: Objection to North Sydney Council's Proposed Special Rate Variation – Option 2A

Introduction

I am writing to formally object to North Sydney Council's application for a Special Rate Variation (SRV) under Option 2A, which proposes a 45% rate increase in 2025/26, followed by a 29% increase in 2026/27 and subsequent rate peg increases. This submission highlights concerns regarding the justification for these increases, the Council's financial management, reserve accumulation, and the impact on ratepayers.

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1. The Rate Hike is Excessive and Unnecessary

North Sydney Council's Long-Term Financial Plan (LTFP) 2025-2035 does not substantiate the need for an extreme rate hike. Despite claiming financial distress, financial statements indicate:

- **Surpluses in recent years:** The Council posted a $13.05M operating surplus in FY24 and has historically maintained strong net results except for a one-time deficit in FY20.
- **Growing revenue streams:** Rates and annual charges already increased by 20% over the past five years (from $62.88M in FY20 to $75.56M in FY24). Additionally, non-rate income has stabilized post-COVID, including parking fees, advertising, and user charges, in contrast to the Council's claim that these revenue streams have continued to decline.
- **Investment growth:** The Council's cash and investment funds are forecast to grow from $69M (2025) to $299M by 2034 under Option 2A, compared to $152M under the base rate peg scenario without an SRV. This suggests the Council is accumulating reserves well beyond operational requirements.
- **Timing of financial emergency annoucement:** When the Council released its FY24 financial statements, it did not declare a financial emergency. However, shortly after the local elections, it declared one. This raises questions about transparency and whether the justification for the SRV is overstated.

Additionally, Table 13 (page 32) shows significant positive financial ratios, highlighting that the Council is building financial buffers rather than addressing an actual shortfall. The operating performance ratio under Option 2A is projected to reach 15.3% by 2034, well above the benchmark of 0%, demonstrating that the Council will be consistently generating surpluses rather than operating at a balanced budget. The own source revenue ratio will also exceed 90%, further indicating that North Sydney Council does not require additional ratepayer funding beyond the standard rate peg.

Furthermore, the Council has not prioritized growth in its ratepayer base through increased development. The number of dwelling approvals in North Sydney is significantly lower than comparable metropolitan areas, limiting the natural expansion of rateable properties. Encouraging sustainable development would allow the Council to grow its revenue base organically rather than relying on sharp rate increases for existing ratepayers.

From an investment perspective, if North Sydney Council were a publicly traded company, accumulating cash at such levels while imposing additional costs on stakeholders (ratepayers) would be considered poor capital management. Investors expect companies to deploy capital efficiently—whether through reinvestment, returning excess funds, or financing long-term assets through debt. Similarly, a well-managed council should use its funds efficiently to provide services rather than accumulating excessive reserves while increasing rates.

These figures indicate that the proposed 45% and 29% rate increases are unwarranted, as existing revenues and cost control strategies should be sufficient for financial sustainability.

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2. Financial Management and Cost Pressures

Rather than addressing inefficiencies, the Council is shifting costs onto ratepayers. Key expenditure trends demonstrate:

- **Employee costs are increasing:** Employee benefits are set to rise from $54.4M in FY24 to $60.3M in FY25, an 11% increase in one year, despite no proportional increase in service delivery.

- **Materials & Services expenses:** These have risen by 17% in two years, indicating inefficiencies in procurement and operational spending.
- **Alternative Revenue Sources Overlooked:** The Council notes that there are 890,000m^2 of non-rateable properties in North Sydney, equivalent to $1.1 billion in land value. If these properties were taxed at business rates, it could generate $4.85 million annually at current rates, increasing to $9.3 million under 2026/27 rates. Instead of seeking to maximize revenue from these sources, the Council is disproportionately relying on existing ratepayers.
- **Limited Community Engagement:** Despite extensive communication efforts, only 23 people attended an in-person forum, and 167 participated in an online session—a small sample for such a significant financial decision. Engagement metrics suggest that the consultation process did not achieve broad ratepayer input.

Rather than increasing rates, the Council should implement cost control measures, efficiency improvements, and stronger financial oversight.

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3. Accumulation of Reserves Beyond Operational Needs

Option 2A does not only fund operational costs but also leads to a significant accumulation of reserves:

- Investment funds will increase from $69M in 2025 to $299M by 2034 under Option 2A, compared to $152M under a standard rate peg increase.
- A new $10M loan in 2024/25 is planned despite existing reserves that should cover projected costs.

Holding reserves at these levels is unnecessary. The purpose of council reserves is to ensure financial stability and cover future infrastructure and service commitments, not to accumulate excess funds at the expense of ratepayers. The unrestricted cash ratio under Option 2A will exceed 300% by 2034, far surpassing the Office of Local Government's (OLG) benchmark of 100%. This suggests that funds are not being allocated effectively.

Furthermore, long-term infrastructure development should be funded over its entire lifecycle through responsible debt financing rather than being covered by immediate rate increases. Large-scale projects, such as roads, community centers, and major capital works, should be financed over multiple decades to match the economic lifespan of the assets rather than imposing costs on current ratepayers.

Conclusion: Reject the Proposed Rate Hike

North Sydney Council's Option 2A is excessive and unnecessary. The Council's substantial reserve accumulation, failure to expand the ratepayer base through development, and lack of cost control measures suggest that this proposal is not in the best interest of residents or businesses.

Additionally, the Council's claim that non-rate income sources are in decline is contradicted by financial data showing that these revenues have stabilized post-COVID, further undermining the justification for a sharp rate increase.

If North Sydney Council were a business, investors would demand better financial discipline, efficient capital allocation, and an expansion in its customer base rather than excessive cash retention at the expense of stakeholders. Ratepayers should expect the same level of accountability.

For these reasons, I urge IPART to reject Option 2A and require North Sydney Council to pursue a more sustainable, transparent, and financially responsible approach.

Author name: J. Lorimer

Date of submission: Friday, 21 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
North Sydney Council's proposal for a SRV of 87% fails the OLG criteria on at least three of the five. Namely; 1. There appears to be no Financial Need. Reference to the latest LTFP shows; - operating surpluses without a SRV for the next 10 years range form $6.5m to $8.5m, resulting in a cumulative surplus of $67m. The SRV surplus, if approved, would be $558m. - the infrastructure backlog ratio will be in line with the OLG performance benchmark without a SRV if the same Category definition is used as has been the case previously. i.e Cat 5 assets only are addressed resulting in $100m less funding required than assumed in the proposal. - loans for the NS Pool completion can run until 2042 and need not be repaid before then and nor should they be repaid from rates. This is a capital expenditure and should be funded from loans, grants and asset sales. None of these options have been proposed. In particular asset sales. The NSC has owned an unused carpark in Ward St. since 2020 and has other assets valued at $54m for which there is no link to Council's core purpose. - the funding of 'informing strategies' of $146m are largely non-essential items. There are at least nine projects which could be spread out over a longer duration, deferred or cancelled. There are ten NSC funded programs which could also be scaled back or deleted. At the very least, their importance should be re-assessed in light of the SRV proposal. None of these were presented as options in the consultation process. Nor were they derived in the context of their possible impact on rate rises. A subsequent survey revealed that 87% of respondents stated they would not support the eight informing strategies. - the benchmark Operating Performance ratio can be achieved through a reduction in expenditure on non-essential programs and better cost discipline. For the last two years employee costs have risen at 7.6% p.a and the 9 year CAGR to 2034 shows employee costs projected to grow at 5.5% p.a. In both cases, exceeding revenue growth - a fundamental tenet of good business practice being breached. 2. An unreasonable impact on ratepayers. - the proposal calls for an unreasonable share of the increase in years 1 & 2. i.e 74% of the cumulative increase of 87%. - over 72% of the 69,000 ratepayers are on the minimum rate schedule. An increase in the minimum rate is justifiable but not to the extent proposed given the high proportion of renters (50%) and low income households (15% $1,000/wk). - NSC's rating is not out of line with comparable LGAs. - a 7% plus peg increase was approved by IPART in 2019. Not all of those funds have been utilised yet the burden has been met by ratepayers. No plausible analysis has been prepared to demonstrate their ability to absorb such proposed future increases. - retail vacancies in Greenwood Plaza have surged to 24% as at Dec 2024. Unreasonably high rate increases will only worsen the commercial viability of North Sydney. 3. Absence of any quantified evidence of cost savings and/or productivity improvements by the NSC. - the organisational improvement plan lacks any credibility and costs are forecast to grow at a faster rate than revenues (w/o any SRV). - there are over 414 FTE and this is projected to grow. No productivity targets have been communicated as a means of funding. - revenue opportunities are being passed over. i.e the JC Decaux advertising signs contract. - it is stated that all current services, projects and grants will continue as before. No trade-offs have been presented as a means of lowering the required rate increase. In summary, neither Councillors nor Ratepayers were presented with alternative scenarios to meet whatever funding requirements the Executive deemed necessary. And furthermore those future requirements are not robust or defensible. The proposal is irresponsible, unjustifiable and reckless. It should be dismissed and the NSC told to go back to Ratepayers with alternatives and conduct a fully transparent, professional and inclusive consultation process.

Author name: J. Pemble

Date of submission: Sunday, 2 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Dear IPART Thank you for the opportunity to make a submission to the proposed rate increase by North Sydney Council (NSC). I object to the increase and the basis for the increase. NS Pool when completed will be a Sydney and NSW tourist asset, not simply a local 'council' pool. The pool is in an iconic location and it is highly likely that the bulk of the users of the pool will not be residents of the NS council area. It is unfair to expect the rate payers of NS to bear the cost blow out of the new pool NS council has already contributed a significant amount of money (along with the State Government)). NS council should be required to investigate the sale of unnecessary assets and the NSW state government should contribute more to the pool as it is a NSW significant site, one that will no doubt be used to promote Sydney for local & international visitors. This, unlike most other suburban pools is not just an asset for a very local community, it is iconic and should be funded as such. I also submit, as the residents of Milsons Point have endured over 4 years of construction they should be compensated by way of free entry to the pool by vouchers for locals i.e. 20 visits per year. I urge IPART to reject the increase proposed by NSCouncil

Author name: J. Robinson

Date of submission: Friday, 28 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am a home owner, and residential ratepayer in North Sydney. I have three concerns of the proposed rate increase. The council is, apart from the swimming pool debacle, well managed for day-to-day services. These are well delivered compared to many other councils. I am fearful that the vocal community and political backlash will cause IPART to impose an excessive restraint on the council and these services will be curtailed. This big increase will hurt us financially. We are superannuitants and the proposed increase plus the subsequent indexing will cause a 3 to 4 times increase in the next 5 years. In our case, that is from $3000pa to over $9000pa. I am not confident the size of this increase is justified to maintain service provision and assets. I hope IPART can help find a middle ground. I have a strong impression the rates are unfairly applied in North Sydney. The council area is small and a significant proportion of the landholdings are exempt from contributing. In many cases these are wealthy businesses. There is also a plague of 'luxury apartment' building in the council area. These are selling, in most cases, for higher prices than homes with some land holding. The rates they pay, based on a share of the unimproved land value is significantly less. The unfairness is exacerbated by the proposal to bundle some of the charges, at present separate, into the general rate. I would ask IPART to ensure the rate burden is broadly and appropriately shared by the community and not unfairly landed on a small number of residential ratepayers. I appreciate this is a difficult problem, affecting many local bodies, and hope IPART can play a part in resolving it in a rational manner.

Author name: J. Sargeant

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Im writing in regards to specifically North Sydney Councils mis-management of the upgrade to North Sydney Pool, plus surrounding infrastructure. This mis-management has resulted in millions of dollars of costs to which they would like to transfer to rate payers who dont even use the pool. There needs to be an investigation as to why ongoing costs are being incurred for the building costs, outside of budget and why this is happening and Councils mis-management of this. Also council trying to spend on infrastructure, say bike paths, that actually dont benefit users and create traffic chaos to the main population of residents trying to get to the Sydney CBD due to the Warringah Freeway upgrade. North Sydney Council would rather spend their budget on satisfying or objecting to private developers over developing sites in the North Sydney CBD and surrounding streets which has created transport chaos every day. The thoroughfare surrounding Crows Nest and St Leonards is an example. There needs to be a deep dive into North Sydney Councils budgets and expenditure, their ongoing expectations of cashflow and expenses, plus the personal Council salaries of Councillors and Senior level employees to discover how much waste is being spent before any consideration to pass such a huge rate increase to ratepayers.

Author name: J. Seymour

Date of submission: Friday, 7 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
To IPART, There are several things worth noting. First, that the North Sydney Olympic Pool is Heritage Listed. That means that without an extraordinary government decision overriding of its heritage status, the pool and its whole area cannot be demolished and turned into apartment towers or a giant shopping mall. Also the company Urbis is involved in its transformation which they believe will result in the site being a "state-of-the-art fitness and leisure centre for all Sydneysiders." Then it's the "all Sydneysiders" that needs examining. Let's put it this way... If North Sydney Council (NSC) meant that ONLY residents in the NSC precinct would be permitted to use the facility, assuming NSC had a foolproof plan that would exclude ALL BUT NORTH SYDNEY RESIDENTS from using it, then I would be okay with a rate hike, but only if it were more sensibly extended over a longer period not two years and be WELL BELOW the 87% intended rate hike. But, of course, such a NSC "foolproof plan" is preposterous, a non starter. There's no way the Council would be willing, or even able, to police (enforce) such a plan. Since three council members opposed the rate increase, and many local residents objected loudly as well, the matter definitely needs further examination. Importantly, this pool has long been suffering from "excessive" concrete cancer, according to Urbis, and many structural issues affected by its distinct location and its age. This means the problem but now problems, have been there and growing for many years. Construction work to redevelop the pool area began in March 2021 with a budget of $63.8 million. NSC could have raised rates significantly then but didn't. If the Council thought the matter was of high priority, they would have and SHOULD HAVE acted WELL BEFORE 2021. Further, the millions of dollars unnecessarily spent on beautifying the two hundred or so metres of the main Artarmon shopping street along Hampden Road opposite its railway station could have been allocated to the North Sydney Olympic Pool project, thus alleviating a need to hike rates now. The proposed rate hike is excessive. And it's unfair. I do not believe it can be justified. Since residents from neighbouring areas would use the finished pool, the NSW government and neighbouring councils should pay some of its cost, after all it is supposed to be the worlds most beautiful pool. To put it frankly, the NSC has been negligent and incompetent. K Regards, John Seymour - North Sydney resident since August 2014.

Submission to IPART

Objection to North Sydney Council's Proposed Special Rate Variation by Councillor James Spenceley

"If you can write the problem down clearly, then the matter is half solved." — Kidlin's Law

So let us begin by writing the problem down:

Does North Sydney Council face a genuine financial crisis — one so severe and unavoidable that it justifies and requires a permanent 87% increase to rates?

This submission will show that the crisis is not external or inevitable, it is not critical — it is simply the result of deliberate (and avoidable) choices being made by Council.

Choices in spending money it doesn't have, on things it doesn't require but also choices on avoiding proper balance sheet and capital management.

When explained in simple and factual terms, I believe the answer to the question is demonstrable.

No, North Sydney Council does NOT face a genuine financial crisis and does not justify or require an 87% increase to rates:

Process around the SRV

The process surrounding North Sydney Council's Special Rate Variation (SRV) raises serious concerns regarding the council's financial capability, responsibility and transparency — but, most importantly, casts significant doubt on the actual necessity of the proposal.

Unfortunately, the information provided by Council to the community has often lacked clarity, detail and completeness. Communications have been selective, opaque and, at times, minimal — reduced to small advertisements in local magazines seemingly designed to fulfil the most basic requirements rather than meet a high standard of public information.

Residents have been told that the SRV is "the only responsible thing to do" or warned that "services will be impacted" if it does not proceed. Such messaging has been accompanied by alarmist statements from councillors and senior staff, seemingly aimed at generating public concern and providing political cover for the scale of the proposed increase. For example, Councillor Santer claimed that "failing to address the financial situation could lead to reductions in essential services, such as efficient rubbish collection."

One resident described a Council presentation in which a senior staff member said that if roads are allowed to deteriorate too far, it becomes prohibitively expensive to repair them — adding that in other councils where they had worked, roads had been removed altogether and returned to dirt. "But we're not at that stage yet," the staff member reportedly said.

Public discussion has also been disproportionately focused on blaming the North Sydney Pool redevelopment, with many residents wrongly citing it as the sole cause of the proposed rate rise. This narrative is misleading and contributes to a manufactured sense of financial crisis — distracting from a factual breakdown of what the SRV is truly intended to cover, distinguishing between necessary and discretionary spending.

To date, Council has not demonstrated that it has meaningfully explored alternatives. There are non-core community assets that could be sold, including properties of significant value that are not currently listed as "investment assets". Furthermore, Council has shown no interest in alternative revenue opportunities beyond simply raising rates. For instance, naming rights could be sold for North Sydney Oval or the Olympic Pool.

Clarity on Spend

Residents have been asked to accept this so-called financial crisis without being provided with transparent details of the SRV. When the proposed allocation of SRV funds is broken down, it becomes clear that a significant portion relates to discretionary "wants" rather than essential "needs". While there is a case for increased investment in asset maintenance, the majority of the proposed spending falls into the non-essential category — undermining claims of a genuine crisis and certainly failing to justify an 87% rate increase.

Category	Description	% of SRV	Amount ($m)	Requirement
1. Pool Overrun	Cost overruns for North Sydney Olympic Pool	15%	$81.6m	Required
2. Infrastructure Backlog	Infrastructure renewals & backlog	30%	$163.2m	Required but reduced/spreadout
3. Informing Strategies	New infrastructure, upgrades & operating costs	29%	$157.76m	Discretionary
4. Financial Strength	Rebuilding internal reserves & addressing deficits	26%	$141.44m	Discretionary

Has Council engaged with the community in good faith?

A key question in evaluating the fairness and legitimacy of the proposed Special Rate Variation (SRV) is whether North Sydney Council has genuinely engaged with the community in good faith, offering transparency and education around the reasons for and implications of the SRV. Based on the available evidence, the answer is no.

1. Delayed disclosure of the SRV proposal

A GIPA (Government Information Public Access) request revealed that Council was aware of the likelihood of a substantial rate increase several months before the September election. However, it did not raise the SRV publicly until late November—leaving residents little time to consider and respond to the proposal, and doing so during the December–January holiday period. This timeline raises concerns about transparency and whether residents were given a fair opportunity to engage with the issue prior to voting.

2. Appointment of Morrison Low immediately post-election

Council formally appointed Morrison Low—a consultancy firm engaged to assist with communications around the SRV—on just three days after the election. The timing suggests that Council had already committed to pursuing the SRV and prioritised securing approval over genuine public education or engagement.

3. Lack of meaningful consultation options

During the consultation process, Council voted against providing the community with any alternative to a rate rise. Instead, only four options were presented—all rate increases of 65%, 75%, 87% or 114%. No option for a status quo or more modest increase was offered.

4. Biased survey structure

The structure of the "YourSay" community consultation survey required participants to select one of the proposed rate rises (65–114%) before they could continue. In other words, residents were required to agree to a material rate increase just to have their views considered—undermining the validity of the feedback and calling into question the integrity of the process.

5. Inopportune timing of consultation period

The consultation ran from 25 November to 10 January—during the peak holiday period. Combined with evidence that Council had been planning the SRV for months (including the Morrison Low appointment in September), this suggests a deliberate approach that minimised the likelihood of widespread community engagement.

6. Unexplained $100m change in financial reporting

Council introduced a material accounting change, expanding the definition of "infrastructure backlog" to include Category 4 assets—adding approximately $100 million to reported obligations. This change was not disclosed to councillors nor explained to the community, yet it now underpins Council's case for the SRV. Accounting changes may be legitimate, but the absence of disclosure once again raises questions about transparency.

7. Non-representative consultation group

Council relied on a 42-person community panel to validate the proposed rate rise. However, all members had previously participated in the development of the "Informing Strategies"—the very documents underpinning the SRV proposal. Rather than representing the community at large, the group was comprised of individuals already involved in determining how funds should be spent. Using this group to claim community support was inappropriate and undermines the legitimacy of the feedback.

Where the evidence points

As an elected councillor, I am disappointed to conclude that the evidence points to a pre-determined plan to implement a large rate rise, with community engagement treated as a procedural formality rather than a genuine process.

Council's approach has appeared to follow the principle that "the end justifies the means," sacrificing transparency and meaningful consultation in favour of advancing the SRV proposal.

Residents were provided with minimal, often unclear information about the rationale for the rate rise. Instead of open dialogue, they received hard-to-decipher brochures and small advertisements—insufficient tools to explain a major financial decision.

Moreover, information about community sentiment was selectively presented, fostering the impression of broad support where significant opposition in fact existed.

Intergenerational equity and over-taxation: Council's refusal to responsibly use debt

North Sydney Council's budget and financial planning treat public infrastructure finance as though it were private or household debt—something to be eliminated as quickly as possible—rather than a legitimate tool for managing long-term capital works over the life of public assets.

In its Special Rate Variation submission, Council not only avoids taking on new debt but also accelerates debt repayments. This approach fails to account for the principle of intergenerational equity, which requires that the costs of long-lived infrastructure be shared between current and future ratepayers. Instead, Council insists on funding major capital projects through the current rate base—over-taxing today's residents and giving rise to both the requirement for and scale of the SRV.

The NSW Local Government Act 1993 requires councils to operate with intergenerational equity in mind. This principle recognises that infrastructure investments, particularly those with long asset lives, should be funded over time—not paid for upfront by a single generation. Council's approach runs contrary to that requirement.

Rather than responsibly using debt to spread the cost of long-term infrastructure, Council has adopted a rigid policy of debt minimisation—choosing to fund not only the pool but also other capital works out of present-day revenue. Whether through lack of understanding or by deliberate design, Council staff and the Mayor have applied a private-sector mindset to public-sector finance, treating debt as a liability to be rapidly extinguished rather than a strategic mechanism to smooth capital costs.

This approach shifts the financial burden onto current ratepayers and violates the principle of intergenerational equity. It also helps explain the magnitude of the proposed SRV—and contributes directly to the financial strain that Council now presents as justification for the rate increase.

To illustrate the flaw in this thinking: imagine if the NSW Government had attempted to fund the Sydney Harbour Bridge using only a few years of tax revenue. It would have manufactured a financial crisis of its own making. In the same way, North Sydney Council's refusal to responsibly use debt has produced an unsustainable reliance on the current rate base to fund infrastructure intended to serve generations to come.

What TCorp says about infrastructure financing

According to TCorp, a "responsible financial management approach for local governments includes the use of debt to fund large, long-term infrastructure projects"

TCorp's guidance advocates for councils to balance short-term funding needs with long-term sustainability, recommending that councils avoid overreliance on ratepayer contributions for projects that benefit future generations.

What the Productivity Commission says

The Productivity Commission also emphasises the need for local governments to responsibly manage infrastructure finance over time. Their reports underscore that long-term capital projects should be funded in a way that considers both the present and future ratepayers. The Commission's findings state that councils should avoid short-term revenue solutions such as taxing current ratepayers and instead use debt financing for major infrastructure projects. By using debt, councils ensure that future generations who benefit from the infrastructure also contribute to its cost, promoting fairness and intergenerational equity.

Undermining intergenerational equity and best practice financial management

In summary, North Sydney Council's financial strategy not only breaches the principle of intergenerational equity but also imposes an unsustainable burden on current ratepayers by funding long-term infrastructure using short-term revenue. This approach directly contradicts best practice guidance from both TCorp and the Productivity Commission.

Rather than using debt to responsibly spread the cost of infrastructure across the life of the asset, Council's short-term strategy results in the over-taxation of today's residents and contributes to the scale of the proposed Special Rate Variation. Its approach reflects a private-sector mindset—eschewing debt entirely and opting to accelerate debt repayments using ratepayer funds.

How can IPART approve the SRV when doing so would effectively enable Council to contravene both best practice and the requirements of the Local Government Act 1993, which obliges councils to consider intergenerational equity and align debt use with asset life?

In fact, approving the SRV would not only endorse Council's refusal to use debt appropriately—it would also legitimise a plan to reduce existing debt at an accelerated pace directly from the pockets of ratepayers.

An SRV aimed at debt reduction should only be contemplated where the level of debt poses a genuine solvency risk. That is not the case here.

Informing Strategies: flawed consultation and absence of cost-informed consent

The Informing Strategies are a series of future-focused operational and capital projects identified through community consultation. They account for approximately 30% of the proposed Special Rate Variation (SRV), or around $160 million. However, these projects are almost entirely discretionary—reflecting community “wants” rather than essential “needs”.

Council’s consultation process around the SRV has been deeply flawed, particularly in relation to the Informing Strategies. While Council did engage in early consultations to identify community aspirations, it failed to take a critical next step: re-engaging the community once cost estimates were established to confirm willingness to pay.

This omission represents a significant departure from good public consultation practice. When major projects are identified and costed, it is essential to return to the community to test whether there remains support for those initiatives in light of their financial impact. Without this second phase of consultation, Council has moved forward with a major rate proposal without obtaining informed community consent.

This failure suggests either a lack of understanding of proper engagement or a deliberate strategy to avoid it. Rather than balancing community aspirations with financial realities, Council appears to have treated preliminary input as a mandate—without testing whether those ambitions still hold once residents are made aware of the costs. The result is poor governance and a consultation process that lacks credibility.

Moreover, this failure has been compounded by opaque financial planning. Residents have been presented with insufficient detail about the funding implications of the Informing Strategies. By omitting cost transparency and avoiding a second round of consultation, Council has placed an unfair financial burden on the community—one that many may not support or fully understand.

Council continues to rely heavily on this single-stage consultation to justify the SRV. The narrative is: we need the SRV because this is what the community asked for. But that assertion fails to acknowledge a basic question of process: Which type of community input should carry more weight?

Should policy and rate decisions be based on early-stage, aspirational input—collected without any information on cost or financial impact?

Or should they be based on explicit, cost-aware feedback provided during the formal SRV consultation process, where approximately 80% of respondents said they were not willing to pay extra for the Informing Strategies?

These are not equivalent forms of consultation—and they are not equally valid for making permanent fiscal decisions.

A dangerous precedent

If IPART approves the SRV component related to the Informing Strategies, it risks endorsing a flawed process in which:

- Councils gather broad, blue-sky community input without any financial framing

- Disregard subsequent opposition once costs are revealed
- And still secure approval for permanent rate increases based solely on uncosted aspirations

This is not just inadequate consultation—it's a reversal of democratic accountability. IPART should reject the portion of the SRV relating to the Informing Strategies and require Council to resubmit any long-term initiatives through a separate, transparent, cost-informed process.

Wealth transfer from ratepayers to Council reserves

Astonishingly, around 26% of the proposed Special Rate Variation (SRV)—approximately $140 million over 10 years—is earmarked not for services or infrastructure, but to "strengthen Council's financial position." In practice, this represents a direct transfer of wealth from residents into Council reserves.

This approach reflects a continued misunderstanding of public sector financial principles. While building a financial buffer of $300 million may seem prudent in a private sector context, public finance is fundamentally different. Council exists to serve the community, not to accumulate funds well beyond immediate or foreseeable need.

There is no pressing requirement for this reserve, and if future conditions do warrant additional funding, Council always retains the ability to apply for an SRV at that time. Preemptively taxing current and future ratepayers for hypothetical future needs is unjustifiable and inconsistent with good public financial management.

If IPART approves this portion of the SRV, it would set a troubling precedent: that councils can seek rate increases not to address service gaps or infrastructure needs, but simply to bolster their bank balances. If the bar for approval is lowered to "we'd like more money in reserve," it risks undermining the integrity of IPART's oversight role and the legitimacy of the SRV process itself.

Misleading claims about low rates in North Sydney

Council has repeatedly claimed that North Sydney's minimum rates are "the lowest compared to other councils," using this line to justify the proposed increase. This has misled the community.

In making these comparisons, Council has consistently benchmarked against smaller, largely residential councils—those without significant commercial centres or central business districts. This skews the picture.

When compared to more appropriate peers—such as the City of Sydney or City of Parramatta—North Sydney's current rates are broadly in line. In fact, as available data and independent graphs show, our rates are not unusually low when valid comparisons are used.

The assertion that North Sydney is undercharging simply does not hold up to scrutiny when using relevant and like-for-like comparisons. Misleading the community by cherry-picking rate comparisons undermines the credibility of Council's case for the SRV.

LGA	2024/2025	After SRV
North Sydney	$715.24	$1,300
City of Sydney	$668.50	
Waverly	$746.92	
Parramatta	$790.35	

LGA	Existing Revenue (m)	After SRV (est)
North Sydney	$138.150 M	$190.000 M
Woollahra	$126.841 M	
Willoughby	$146.736 M	

North Sydney—like other comparable local government areas—has a sizable share of its rates paid by the business sector. This commercial contribution naturally reduces the burden on residential ratepayers. While the residential component may appear lower in isolation, the total rates revenue per property across the LGA is broadly comparable to other councils with significant business districts.

This context is often omitted in Council's public comparisons.

When North Sydney is correctly compared to peer LGAs such as the City of Sydney or City of Parramatta—both of which also have substantial commercial rate bases—the overall rate levels are closely aligned. Selectively quoting residential minimum rates without acknowledging the business contribution presents a misleading picture/

About the author: James Spenceley
Councillor, North Sydney Council

James Spenceley is an experienced entrepreneur, company director and investor with deep expertise in finance, strategic planning and governance. He is the founder of Vocus Communications—Australia's fourth-largest telecommunications company—which he led from a startup to a multi-billion-dollar ASX100-listed enterprise. He has twice been named EY Entrepreneur of the Year in recognition of his achievements in business innovation and growth.

Over the course of his career, James has raised more than $1 billion in equity and debt funding and regularly advises businesses, industry associations and organisations on prudent balance sheet and capital management strategies. He has served on multiple audit and risk committees, where he has provided financial oversight and promoted robust governance practices.

James has held senior governance roles across ASX-listed companies, government advisory bodies and community organisations. With decades of experience managing complex financial decisions, investments and infrastructure projects, he brings a strong understanding of responsible financial management, transparency and effective community consultation.

He currently serves as an elected councillor on North Sydney Council, giving him direct insight into local government operations, fiscal strategy and governance. James's extensive financial background and governance experience position him as a credible and informed commentator on council financial management and the proposed Special Rate Variation.

Author name: J. Townsend

Date of submission: Friday, 7 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Hello I have attached below my speech to North Sydney Council on 10 February, which outlines my concerns. In addition to this, I would like to say that we (the public) were treated with contempt by Mayor Baker and several of her councillors on the night of the public meeting: - Almost 40 people spoke against the current proposal, some very movingly. Despite this, we were completely ignored. Two minutes after the last speaker, the proposal was passed by the council. Not one counsellor changed their position or even acknowledged our points of view. This was not consultation; it was a sham. - When Deputy Mayor Santor addressed us to justify the proposed rise, he patronisingly told us that "my strata fees are eight times the current rates and our two mobile phones cost $185.30 per month, over $2,000 per year". This is not a justification for a rise, and a deputy mayor should not be speaking to us like this. HIs personal bills have nothing to do with the proposed rate rise - When Counsellor Holding addressed us, he compared our minimum rates ($715) with Willoughby ($1,013) and Lane Cove ($1,033). Treating those councils as directly comparable ignores the size, density, demographics, services and policies of different councils. He then arrogantly told us that we are "the 5th most advantaged LGA in the country" and "what must we look like to the rest of NSW and Australia?", as if we are selfish, petulant children who have no right to speak against what we see as an outrageous increase. In fact, if the 87+% increase goes ahead, our minimum rates will increase from $715 to $1,548 by mid-2026 - far above the councils Counsellor Holding mentioned. What will his argument be then? Will he be content that we have the highest rates? - Mayor Baker, who I expected to oversee the meeting with some decorum, acted like a prison warden, threatening to punish or remove people every time someone raised their voice (it was a heated meeting, in part because the mayor treated us with such contempt). At one point she admonished us by shouting that "you're happy to listen to the liberal party counsellors, but you will not listen to those who aren't". This demonstrated her partisanship and contempt for the residents who took the time to attend the 'consultation'. - There were about 300 residents hoping to attend the meeting, but only about 90 could fit in the chamber. Despite several requests for the mayor to find a bigger venue or put a TV screen in the hallway so all residents could all take part, nothing was done to accommodate the number of people who attended. This meant that many people left the building (they couldn't see or hear what was happening), so were denied the opportunity to discuss the proposed rate rise. I am upset: -firstly by the audacity of the council to propose such an enormous rate rise with no concern for the obvious financial impact it will have on many people, -secondly by what became clear during the council's 'consultation' was their overriding attitude that North Sydney residents can afford it, so should pay it and -thirdly by the fact that we were treated so disparagingly on the night by councillors who addressed us with arrogance and contempt and who did not give an iota of consideration to the almost 40 residents who spoke against the proposal. Thank you for giving me the opportunity to submit my concerns.

Good evening Madam Mayor, Counsellors and residents of North Sydney:

My name is Julie Townsend, and I moved to North Sydney from Turramurra in June last year.

I believe we have a shared responsibility to ensure the wellbeing of North Sydney residents, of which financial wellbeing is an important part. I also believe that your proposed special rate variation of 87.03% is unconscionable, and stands in direct opposition to this responsibility.

Like residents across Australia, North Sydney residents have been under enormous financial pressure over the past few years, which has put significant strain on many households:

- Between 1 January 2022 and now the Reserve Bank has increased its cash rate from 0.1% to 4.35%. This enormous increase has had a catastrophic effect on many people's mortgages, rents and loans.
- Between 1 January 2022 and now the consumer price index has risen by around 14%, significantly affecting the ability of households to manage their budgets. The $114 we now pay for goods that were $100 three years ago is not going back down, even if the CPI does. (2022 CPI – 6.1%; 2023 CPI – 5.2%; 2024 – 2.7%)

During those years, we tightened our belts. Yet during those years the council expanded the $30 million Olympic pool refurbishment into a $120 million one. It's clear from what I have read that the previous council has mismanaged the resources they had. As my grandad used to say "it's easy to spend other people's money". Well, those other people are us, and we don't want you to take more of our money because you badly managed the money we were giving you. It's daylight robbery. I was also dismayed to read in your report that your independent assessment "concludes there is capacity to pay across all groupings in North Sydney" (p.25), as if that gives you carte blanche to take as much as you wish. If there is capacity in some households, there is certainly not willingness. We don't want to throw our good money after bad.

The report you are discussing tonight seems to be saying you have no option but to put the financial burden on us. But there are always options, and you have better ways of identifying them than I do, but perhaps:

- Sell some of your commercial property portfolio, which you discussed and decided against a couple of years ago.
- Sell the pool and put an end to what the papers are calling a “debacle” and “catastrophe”.
- Start charging or increasing user fees, so that people who want the services you provide pay for them.
- Ask the state government to step in and help

I just ask that you don’t increase our financial burden. We have our own challenges to deal with; we don’t want to pay for yours. Please don’t put your burdens on our shoulders.

I appreciate your time in listening to my feedback.

Author name: J. Xiang

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Fully supportive of North Sydney Rate increase. We should not be selling assets at fire sale prices or delay the rate increases which are very low on a per person basis. Delaying the rate increase will increase the burden for future generations who will never experience the same amount of wealth as the current generation i.e. never being able to afford a home.

Author name: K. Frye

Date of submission: Sunday, 2 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I strongly object to the proposed rate variation being requested by North Sydney Council. The council has mismanaged the swimming pool renovations and we appreciate there is a justification for a small increase to cover the interest payment on loans. Council will have a large increase in council rates from the high rise developments being constructed and recently completed units along the transport corridor. The current Mayor must have known what councils financial position was before the last council election and that council would seek this rate variation however nothing was said by the Mayor or other councillors in her group. I view of this, I would suggest that council hold new elections or that an administrator be put in charge of council. The current council have wasted a lot of money on non essential projects, for instance they are currently changing the intersection of Young and Grosvenor Sts to accomodate a cycle and raised pedestrian crossing. This intersection has not been a problem and to spend a six or seven figure amount on this project is typical of councils mis management of rate payers funds. The special rate variation has no end point, rates will increase but when the debt and back log of projects are completed, council will be left with a honey pot of money. Please reject this application and instruct council to listen to the community who overwhelmingly reject this proposal Thank you.

Author name: K. Gapaillard

Date of submission: Thursday, 27 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I strongly oppose the proposed rate increases by North Sydney Council to fund the mismanaged redevelopment of the North Sydney Olympic Pool. The proposal to raise rates by up to 87% over two years is an unjust burden on residents and businesses, particularly given the councils failure to manage the project effectively. These rate hikes are neither necessary nor equitable, and alternative solutions should be pursued. 1. Financial Mismanagement Should Not Be Passed to Ratepayers The pool redevelopment project has suffered from serious financial mismanagement, leading to costs blowing out from an initial estimate of $58 million to at least $122 million. Independent reviews have highlighted failures in planning, budgeting, and project management. Ratepayers should not be forced to cover the consequences of these administrative failures. The councils responsibility is to manage public funds prudently. Given the clear evidence of mismanagement, the appropriate response is an independent inquiry, not shifting the financial burden onto the community. 2. Unaffordable in a Time of Economic Hardship The proposed rate hikes come at a time when many households and businesses are already struggling with the rising cost of living. Mortgage repayments, rents, utilities, and everyday expenses have significantly increased. An 87% rate hike would place additional pressure on families and small businesses, many of whom are already finding it difficult to stay afloat. Local businesses, particularly small retailers, cafes, and service providers, have expressed concerns that increased rates will make it even harder to operate, potentially leading to closures and job losses. Rather than supporting economic recovery, these rate hikes would have the opposite effectweakening the local economy and reducing investment in the area. 3. Lack of Transparency and Accountability The council has not adequately demonstrated accountability for the cost blowouts. Ratepayers deserve transparency in how their money is being spent. Before increasing rates, the council must provide a clear and audited breakdown of where funds have been spent, who was responsible for cost escalations, and what measures are being taken to prevent further mismanagement. Without such transparency, there is no justification for placing the financial burden on the public. 4. Alternative Funding Options Exist Rather than imposing excessive rate hikes, North Sydney Council should explore alternative funding methods, such as: State and Federal Government Support: Given the public nature of the project, the council should seek additional funding from state and federal governments, which have infrastructure funding programs designed to support community assets. Reallocating Council Expenditure: A comprehensive review of council spending could identify areas where savings can be made to offset the additional costs of the pool redevelopment. Public-Private Partnerships (PPPs): Engaging private investment partners could provide funding solutions without burdening ratepayers. Debt Financing with Long-Term Repayment Plans: If necessary, structured borrowing with a long-term repayment plan would spread the cost over time, reducing the immediate impact on residents and businesses. 5. The Overwhelming Public Opposition The community has overwhelmingly rejected the proposed rate hikes. Of the 886 public submissions received by the council during consultation, 99.2% opposed the increases. This level of opposition indicates that the rate hike proposal does not have community support and should not proceed. The council has a duty to represent the interests of residents, not impose unsustainable financial burdens on them. With such strong public opposition, it is clear that alternative solutions must be pursued. Conclusion The proposed rate increases are an unfair response to the councils financial mismanagement of the North Sydney Olympic Pool redevelopment. It is unreasonable to expect residents and businesses to bear the cost of administrative failures, particularly at a time of economic hardship. IPART should reject this proposal and require the council to seek alternative funding methods that do not involve excessive rate hikes. Transparency, accountability, and financial responsibility must be prioritised before asking the community to pay for mistakes they did not make.

Author name: K. Kerrisk

Date of submission: Monday, 3 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I strongly oppose North Sydney Councils proposed Special Rate Variation (SRV) due to: Failure to Justify a Permanent Rate Increase The financial shortfall is due to mismanagement of the North Sydney Olympic Pool project, which ballooned from $64M to $122M. A temporary rate adjustment would be more appropriate than a permanent 87% increase. Lack of Transparency in the Consultation Process The survey did not allow residents to reject the SRV, instead forcing them to select a level of increase. Many non-resident ratepayers (landlords, business owners) were not directly notified, reducing genuine consultation. The consultation was rushed during the holiday season, limiting participation. Disproportionate Impact on Ratepayers 77% of ratepayers will see a minimum rate increase from $715 to $1,548 over two years. Renters will face indirect increases as landlords pass on rate hikes, worsening Sydneys housing affordability crisis. Businesses face a 95.8% rate increase, risking closures and job losses. Failure to Fully Explore Alternative Funding No clear evidence that Council applied for state/federal grants or adjusted developer contributions to ease financial pressure. Council has valuable assets but has not publicly considered selling non-essential land to raise funds. No public-private partnership proposals were explored. Flawed Hardship Policy The Hardship Policy does not cover non-resident ratepayers, many of whom will struggle to pay. The policy only provides relief in the first year, while the SRV is permanent. Business owners and investors receive no support, despite facing massive cost increases. Recommendation to IPART I urge IPART to reject this SRV application on the basis that it is: 1. A response to poor financial management, not a genuine revenue crisis. 2. Disproportionately harmful to apartment owners, renters, and businesses. 3. Unjustified as a permanent increase, given the temporary financial shortfall. 4. Implemented without adequate transparency or public consultation. Instead, the Council should: * Apply for all available government grants before increasing rates. * Consider asset sales of non-essential properties to fund capital projects. * Review developer contributions and negotiate higher payments from large-scale developments. * Reduce unnecessary capital expenditure and prioritise financial efficiency. * If absolutely necessary, propose a temporary SRV, not a permanent one. Ratepayers should not be expected to cover years of poor financial management through an excessive and unfair rate increase.

Kirsten & Michael Kerrisk
[redacted]
26 Feb 2025

Independent Pricing and Regulatory Tribunal (IPART)
Local Government Division
IPART NSW

Subject: Opposition to North Sydney Council's Special Rate Variation (SRV) Application for 2025–26

Dear IPART,

We write as deeply concerned ratepayers to strongly urge IPART to reject North Sydney Council's SRV application, which proposes an unsustainable 87% increase over two years. This hike is due to council mismanagement, not fiscal need. Below, we outline our reasons for this opposition and request your immediate intervention.

1. Misguided Response to Financial Mismanagement

North Sydney Council insists that this significant rate increase is essential for financial sustainability, yet the real catalyst is poor oversight on the North Sydney Olympic Pool redevelopment, where costs surged from AUD64 million to AUD122 million. Why should ratepayers foot the bill for such preventable errors? A temporary, one-off rate adjustment would be a fairer measure than permanently burdening our community.

2. Deficient and Flawed Community Consultation

According to IPART's guidelines, councils must conduct clear and inclusive community engagement. North Sydney Council's approach did not meet this standard:

Survey Bias: Residents were forced to pick from various rate-increase options, with no clear way to reject the SRV outright.

Limited Notification: Many non-resident property owners, landlords, and businesses were not properly consulted.

Inconvenient Timing: The consultation occurred during the holiday season, limiting meaningful participation.

Lack of Transparency: No detailed breakdown of community feedback has been released.

Must we accept a consultation process that effectively stifles the voices it aims to represent? We urge IPART to mandate a fair and unbiased re-consultation that explicitly allows for a “no rate increase” alternative.

3. Unfair Financial Burden on Ratepayers

With 77% of North Sydney’s ratepayers living in apartments—already managing strata levies and additional expenses—the proposed jump from AUD715 to AUD1,548 (a 95% increase) is excessive and inequitable. This will worsen Sydney’s housing affordability crisis as landlords pass on the costs to tenants, while small businesses facing nearly 96% increases could be forced to close or cut jobs. Isn’t it time the Council adopted a more balanced revenue model that does not penalise the many for the actions of a few?

4. Neglected Alternative Funding Options

Before resorting to such a steep rise in rates, the Council must show that all alternatives have been thoroughly exhausted:

State and Federal Grants: There is no evidence of actively seeking or securing available grants.

Developer Contributions: Developers, who stand to profit from local projects, should shoulder their fair share of any financial burden.

Asset Sales and Public–Private Partnerships: These options appear to have been overlooked or insufficiently explored.

IPART should require the Council to produce a comprehensive financial report detailing why these options have not been adequately pursued.

5. Inadequate Hardship Provisions

Currently, the Hardship Policy excludes non-resident owners and investors, providing only short-term relief in its first year. Business owners—who face some of the steepest increases—also have no meaningful relief. If any rate rise is approved, it must include expanded, inclusive hardship provisions that recognise all who are affected.

Conclusion: Reject the Unjust SRV

North Sydney Council's proposal fails IPART's benchmarks for financial necessity, fair consultation, and equitable treatment of ratepayers. Instead of permanently imposing an 87% rate hike, we strongly urge the Council to:

1. Seek alternative funding through grants, asset sales, and developer contributions.
2. If necessary, impose only a temporary rate adjustment rather than a permanent one.
3. Revisit the community consultation with openness, transparency, and a genuine "no rate increase" option.

We trust that IPART will protect ratepayers from being unfairly penalised for council mismanagement. We respectfully ask you to reject this proposal, in the name of fairness, fiscal responsibility, and public trust.

Yours sincerely,

[redacted]

Kirsten & Michael Kerrisk

[redacted]

Author name: k. Neilson

Date of submission: Friday, 28 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Objection to North Sydney's application for Special Rate Variation of 87.5%. Essentially the rate increase could be 73.5% if the additional provision for 'brand new projects "costings of A$150 million is deferred. What is happening? We are witnessing a case of self-aggrandizement rather than the hoped for contrition in regards to the tens of millions lost on the upgrade of the Olympic pool on the harbour of N Sydney. This same high-handed treatment was evident when some 200 rate payers turned up to hear and question the justification for these extra charges at Council chambers early in Feb. Questions were not answered and the tone of righteousness pervaded their presentation. Whether there were mistakes with the pool project is undeniable, leaving one seeking evidence of other projects that have been wasteful on account of poor management by the council and its officers. It is not even clear what would be the appropriate rate increase were the Council under the guidance of a thrifty and imaginative new team management. The notion at "brand new projects" costing A$150 million, given the track record is frightening rather than encouraging. Yes, the printing of money and expansion of fiscal deficits was a coping mechanism across nations and has resulted in embedded price rises of say 30% plus since 2019, This 87.5% rate hike bears little resemblance inherent cost inflation over this last few years. Kerr Neilson, [redacted]

Author name: L. Mather

Date of submission: Friday, 14 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
To Members of IPART Please accept this brief submission regarding the SPECIAL RATE VARIATION, being proposed by NORTH SYDNEY COUNCIL, and currently before IPART. I write as a North Sydney Council ratepaying resident of several decades, and an active member of LAVENDER BAY PRECINCT. As such, I am fully aware of the effort of the subcommittee of Lavender Bay Precinct that has analyzed the background and relevant documentation and then made a detailed submission (dated 10 March 2025) to IPART, opposing the increase in rates of 87% increase over 2 years, proposed by North Sydney Council. I write to endorse that submission. I also made my own submission to North Sydney Council during the open period of submissions and am aware of the flaws in the process, propositions and documents available to submitters at that time. These have all been addressed in the submission made by Lavender Bay Precinct, and there is nothing further that I wish to add. I trust that the Tribunal members will take into consideration my opposition to the proposal of North Sydney Council.

Author name: L. Middlebrook

Date of submission: Monday, 24 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Dear IPART My name is Lisa Middlebrook, I am a resident of the North Sydney Council area. I write today to express my extreme displeasure, disgust and opposition at the attempt by the North Sydney Council (NSC) to effectively double our council rates. This action by this Council is irresponsible and beyond what is necessary, and reasonable for residents to pay. This is an attempt to grab an outrageous $500 million from residents much of it for vanity projects and nice-to-haves, and sky-high administrative costs and to cover mismanagement and mistakes. I attended the recent Council meeting in which this decision took place. I took the names and email addresses of over 100 people who agree that an 87.5% increase should not go ahead. I represent those people in this letter. (Names and email addresses can be provided upon request.) I would like IPART to consider the following points: - The NSC claims that there is room in the budgets of residents to absorb a massive rate increase. This is FALSE. Perhaps in isolation, if there were no other cost of living pressures, then perhaps this is true, but recently there have been reports suggesting that Australians are paying over $3000 more per year just for groceries. (https://9now.nine.com.au/today/aussie-groceries-up-3000k-a-year/9a22c61b-ad55-497f-b9c7-093edcb8f488) - Most residents understand the need for an increase, but a 90% increase is outrageous and goes well beyond what almost all residents believe is necessary to continue appropriate services. - Residents have not seen any attempt to cut costs. It is outrageous that the Councils executive director is making more per year than the Prime Minister (over $500,000 per year). Why are they still pursuing projects such as the closure of Miller Street? - The NSC claims that this increase is due to the problems and dysfunction experienced by the previous council and its members. This may or may not be true, but either way that doesnt make this decision the right thing to do. - And given the point above, are we really considering giving $500 million more to a council that mis-managed the North Sydney pool project, and mishandled the Waverton Bowling Club site, so that it reverted to Native Title. I have no confidence this Council will manage new money any better. - The NSC claims this increase will bring us into line with other councils, in that our rates will now equal those of surrounding council areas. Why is this even an issue? So what if it does? How does that matter? And more importantly, the NSC area has a much higher population density per sq km, so therefore we should have lower rates than our counterparts. Anything else means our rates are way to high. - The NSC has not done enough to explore other revenue options, e.g. corporate partnerships, and individual donations, further lobbying for state and federal money. For all of these reasons, I am strongly opposed to this increase, and I would be most grateful if IPART would reject this request. Thank you for considering my opinion. Kind regards, Lisa Middlebrook [redacted]

Author name: L. Sheridan

Date of submission: Tuesday, 11 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Ratepayers to pay almost double rates because of poor performance of the council. Particularly relating to the cost of repairs to North Sydney Pool

Author name: L. Walker

Date of submission: Wednesday, 26 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
These rate increases are just out of proportion to any normal administrative needs or to the municipality's prior financial position, given its substantial surplus until recently. The extraordinary proposed rises will make impossible for many small businesses, which are already facing financial stringency, to remain open. It should also be borne in mind that there are many retirees and other persons on fixed incomes who are living in the area. Many of them will have to consider moving out if the increases proceed. North Sydney pool's renovation could be placed on hold until funding becomes available or, alternatively, a one-time levy for the purpose could be used.

Author name: M. Dsilva

Date of submission: Wednesday, 19 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
This increase is completely unaffordable while we are in the middle of a cost of living crisis The council has just wasted so much money renovating the pool .. if it was a private sector they would have been fired by now. Unbelievable what they get away with in the council

Author name: M. Dudley

Date of submission: Saturday, 8 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The challenge with NSC's proposed approach is that it presents a limited set of options, all of which have a material impact on rate payers. It's a question of prioritisation, timing and cost. NSC have not addressed why they wouldn't consider smaller increases in rates that deliver uplifted services over longer timeframes. NSC are trying to address many large projects at once and to fund them largely upfront rather than over longer timeframes through borrowings. I have multiple concerns regarding the SRV: - The initial lack of warning of any need for an SRV, followed by massive increases in the proposed variations. This gives me limited confidence in the process. - NSC provided a limited set of options, all of which represented a material uplift to current rates. It doesn't make sense to exclude options that provide a more extended trajectory for the delivery of the services and infrastructure proposed by NSC - The consultation process undertaken by NSC: the time allocated was unreasonably short and coincided with the Christmas / New Year period when many people were away on holidays. NSC need to do a better job of engaging the community on such a material uplift to finances. - The comparison of NSC rates to other councils was deceptive as only councils charging higher rates were included in the comparison. What about comparisons with Sydney City Council or Parramatta? - NSC is in a largely unique position that it has a large business community that are capable of bearing a greater portion of any uplift. This does not appear to have been accounted for under the proposed variations. NSC needs to better engage the community on what's being proposed and the timing, particularly given the damage done through the poor management of the upgrade to North Sydney pool. NSC has low credibility in light of the overruns on that project and so they need to restore community confidence in their ability to deliver projects and manage a budget before they start asking for massive funding increases.

Author name: M. Hui

Date of submission: Thursday, 27 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I strongly object to the proposed 80% increase in council fees over the next two years. This extreme rise is unreasonable and comes at a time when households and small businesses are already struggling with the rising cost of living, including higher interest rates, rent, and everyday expenses. This financial burden is simply unsustainable. It is also highly disappointing that the council has ignored the objections previously raised by residents and business owners. Many of us took the time to voice our concerns during the initial consultation, yet our input was disregarded. This lack of transparency and community engagement is unacceptable. Moreover, residents and small businesses should not be held accountable for the financial mismanagement of the council. Poor decisions at an administrative level should not be rectified by imposing an unreasonable financial strain on the very people the council is meant to support. The government should be stepping in to provide assistance rather than shifting the burden onto ratepayers. I urge the council to reconsider this drastic fee hike and instead explore more responsible cost-saving measures. A more balanced and fair approach is neededone that does not place undue pressure on those already facing economic challenges. I strongly request that this proposal be reviewed and that the council act in the best interests of the community.

Author name: M. Jones

Date of submission: Saturday, 22 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Loading this massive rate increase on residents is not acceptable. The council must sell assets and trim costs to keep rate increases to CPI. Our salaries increase by CPI if we're lucky. Australian workers have had a 10% decrease in their disposable income in the past 3 years. We are all suffering in the current economic climate. This sudden and unexpected impost means we will have that much less to spend on their families and to patronise local businesses. No more dinners at local restaurants. No more visits to the pub. Landlords will have no option but to pass this on to tenants. If the council wouldn't be happy for all its suppliers and landlords to increase their fees to council by a similar amount, then it cannot justify the same increase for its ratepayers.

Submission To The Independent Pricing And Regulatory Tribunal In Opposition To North Sydney Council's Special Rate Variation Application For 2025-26 And 2026-27

1. INTRODUCTION

1.1. Overview of Submission

This submission is made in strong opposition to the application lodged by North Sydney Council ("the Council") for a Special Rate Variation ("SRV") for the 2025-26 and 2026-27 financial years. The Council seeks to impose an unprecedented cumulative rate increase of 87.05% over two years, comprising a 45% increase in 2025-26 and a 29% increase in 2026-27. Additionally, the application proposes an increase in minimum residential rates to $1,200 in 2025-26 and $1,548 in 2026-27.

1.2. Grounds for Opposition

The Council's application must be rejected in its entirety on the following grounds (with numbering to match the section of this submission it is explained in more detail):

2. **Failure to Demonstrate Genuine Financial Necessity** – The Council's financial distress is self-inflicted, primarily due to financial mismanagement rather than structural revenue insufficiencies.
3. **Insufficient Cost Containment Efforts** – The Council has not undertaken significant measures to reduce operational expenditure or improve financial efficiency prior to seeking an SRV.
4. **Negligent Community Consultation Process** – The consultation survey was manipulated to generate a result that suited the council, failed to engage a representative sample of ratepayers, and was conducted during a period likely to suppress participation.
5. **Disproportionate and Inequitable Burden on Ratepayers** – The proposed rate increases place an unfair burden on apartment dwellers, low-income earners, and retirees.
6. **Failure to Exhaust Alternative Revenue Streams** – The Council has not fully pursued asset optimisation, developer contributions, or external grant funding before resorting to rate increases.
7. **History of Prior Special Rate Variations and Rate Increases** – North Sydney Council has obtained multiple rate increases over the past decade, raising concerns over the sustainability of its financial planning.
8. **Inconsistencies with IPART's Assessment Criteria** – The application does not meet IPART's statutory criteria for approving a Special Rate Variation.

Each of these grounds is addressed in detail below.

2. FAILURE TO DEMONSTRATE GENUINE FINANCIAL NECESSITY

2.1. Council's Own Financial Statements Reveal Mismanagement

The Long-Term Financial Plan 2025-2035 ("LTFP") acknowledges that the Council's financial distress is largely attributable to: (a) Cost overruns on the North Sydney Olympic Pool project, which necessitated additional borrowing of $10 million; (b) Accumulated debt of over $51 million, exacerbated by poor financial planning; (c) Significant loss of revenue from parking fees, fines, and advertising, which has not been adequately addressed through alternative financial strategies.

2.2. Lack of Structural Revenue Deficiencies

The Council has not provided sufficient evidence of a structural revenue shortfall that necessitates an extraordinary rate increase. Instead, its financial distress arises from mismanagement of discretionary capital projects rather than an unsustainable revenue base.

2.3 IPART Precedents

IPART has previously rejected SRV applications where councils have failed to establish a compelling need based on structural financial shortfalls rather than discretionary project mismanagement. The Council's application must be rejected on this basis.

3. INSUFFICIENT COST CONTAINMENT EFFORTS

3.1. Admission That Financial Efficiencies Have Not Been Implemented

The Audit, Risk, and Improvement Committee has identified serious deficiencies in Council's financial governance, yet there is no evidence that North Sydney Council has implemented aggressive cost-cutting measures prior to seeking an SRV.

3.2. Ineffective Cost Reduction Strategies

While the Council claims it has pursued cost-saving initiatives, the Long-Term Financial Plan confirms that key cost-containment measures remain unfunded.

3.3. IPART Precedents

IPART has previously ruled that councils must demonstrate tangible cost-cutting measures before seeking an SRV. The Council has failed to do so, and as such, its application must be rejected.

4. NEGLIGENT COMMUNITY CONSULTATION PROCESS

4.1. Manipulative Survey Design Undermining Democratic Principles

The Council's survey process was fundamentally flawed and failed to uphold basic principles of fair and transparent community consultation. The initial survey design required respondents to choose between rate increase options, deliberately omitting any opportunity to reject the proposal or express opposition. This mandatory question forced participants into a false choice, skewing the results in favour of the Council's preferred outcome.

Only after significant public concern was raised did the Council quietly amend the survey to remove the mandatory selection—far too late in the process to ensure an honest and unbiased result. Such an approach is either a gross oversight in public engagement or a calculated attempt to suppress dissenting views. Either scenario is unacceptable, one may be fraudulent.

This manipulation of community feedback undermines the integrity of the consultation process, represents a failure of democratic governance and makes a mockery of its submission to IPART. Given this egregious breach of procedural fairness, IPART should rule the Council's Special Rate Variation (SRV) request invalid on these grounds alone.

4.2. Inadequate Consultation and Limited Participation

In the event that IPART accepts the mockery of its processes from the Council and allows the sham survey to be considered valid, the Community Engagement Outcomes Report confirms that: (a) Only 792 ratepayers completed the survey, representing less than 2% of the North Sydney population; (b) Only 42 participants attended demographically selected workshops, making the process unrepresentative; (c) The consultation period (27 November 2024 – 10 January 2025) was deliberately timed over the holiday period, limiting public engagement. Again, this represents the actions of an organisation trying to avoid scrutiny.

4.3. Strong Community Opposition

After the dubious practices were identified by the local State elected representative, over 1,000 written submissions opposed the rate increase, citing affordability concerns and dissatisfaction with the Council's financial management. This, combined with the point made in section 4.1 that there was no way for opposition to be recorded in the survey, should satisfy IPART that there is sufficient evidence that there was inadequate consultation and that if done properly a vast majority of residents would oppose such a rate rise.

4.4. IPART Precedents

IPART has historically rejected SRV applications where community engagement was inadequate or where there was substantial community opposition. On this basis, the Council's application must be refused.

5. DISPROPORTIONATE AND INEQUITABLE BURDEN UPON RATEPAYERS

5.1. Excessive Increase In Minimum Rates And The Impact On Different Ratepayer Groups

5.1.1. The proposed increase in the minimum residential rate from $834 to $1,548 by 2026-27 represents an 85.6% rise, which is well beyond both the inflation rate and wage growth projections, disproportionately impacting households with limited cashflow.

5.1.2. This substantial rate increase will not be evenly distributed across the North Sydney ratepayer base. Instead, it will be particularly burdensome for: (a) Apartment dwellers—who already incur significant strata fees, levies, and maintenance costs, which are not reflected in land values or rates calculations; (b) Low-income earners and pensioners—who have limited ability to absorb increased expenses and for whom rates make up a more significant portion of disposable income; (c) Cash-constrained asset owners under mortgage pressure—who, despite being "asset-wealthy" on paper due to property values, are facing severe affordability stress due to rising mortgage repayments, stagnant wage growth, and higher living costs.

5.2. The Flaws In A 'Percentage Of Income' Hardship Test In A High-Inflation Economy

5.2.1. The Council's Financial Hardship Policy only provides relief if rates exceed 5% of a household's gross income. However, this fails to account for the broader economic environment and rising cost-of-living pressures.

5.2.2. A percentage-of-income test is an outdated and inadequate measure of affordability in a high-inflation environment because: (a) It assumes a fixed and predictable relationship between income and expenses, which is not the case when essential living costs (such as rent, mortgage payments, utilities, food, and insurance) are increasing at rates far beyond wage growth; (b) It does not take into account that many households may have already exceeded their discretionary spending capacity, meaning a rate increase, even at a lower percentage of income, could push them into financial hardship; (c) It does not consider the additional burden of rising interest rates on mortgage holders, which in 2024-25 is projected to push a record number of households into negative cash flow despite having strong asset positions.

5.2.3. The Reserve Bank of Australia (RBA) and independent economic modelling indicate that mortgage repayments as a proportion of disposable income are at their highest level in decades, meaning that many "asset-rich" ratepayers are in fact liquidity-constrained and unable to afford significant rate increases.

5.2.4. Renters will also be indirectly affected, as landlords facing rate increases will inevitably pass these costs onto tenants, further exacerbating the housing affordability crisis.

5.3. The Economic Context: Rising Costs Across All Essential Goods And Services

5.3.1. The proposed 87.05% cumulative rate increase fails to consider the broader macroeconomic conditions, in which costs across all major expenditure categories have increased disproportionately to income growth:

- Inflation has eroded real wages, with the Australian Bureau of Statistics (ABS) reporting that real disposable incomes have declined for multiple consecutive quarters;
- Interest rates have increased significantly, adding substantial mortgage pressure on variable-rate borrowers and those refinancing fixed-rate loans at higher rates;
- Rent increases have outpaced wage growth, making housing unaffordable for many tenants, with Sydney's median rent increasing at the fastest pace in over a decade.

5.3.2. In light of these conditions, it is unreasonable to assess financial hardship solely on the basis of a fixed percentage of income. Instead, any hardship framework must: (a) Consider the actual cash flow constraints of households, rather than assume income translates into available spending capacity; (b) Incorporate cost-of-living stress measures, including mortgage and rent affordability benchmarks; (c) Recognise that a higher proportion of middle-income households are now at risk of financial distress, not just low-income earners.

5.3.3. IPART has previously considered affordability concerns when assessing SRV applications and should take into account that the current economic conditions require a more nuanced and flexible hardship framework, rather than a simplistic percentage-of-income test.

5.4. IPART Should Reject The SRV On Affordability Grounds

5.4.1. The proposed SRV: (a) Fails to account for the financial pressure on mortgage holders and cash-constrained households; (b) Does not include a reasonable and tailored hardship framework; (c) Will have an indirect but significant impact on rental affordability, which will further worsen cost-of-living challenges for North Sydney residents.

5.4.2. IPART should reject the application outright on the basis that it fails to account for the economic reality facing ratepayers and would impose an unreasonable burden in a period of severe affordability stress.

6. FAILURE TO EXHAUST ALTERNATIVE REVENUE STREAMS

6.1. Underutilisation Of Investment Properties

The Council owns investment properties valued at approximately $45 million, yet it has not provided clear evidence of how these assets are being effectively leveraged to generate revenue. Given the scale of the proposed rate increases, it is imperative that the Council maximises returns from its existing property portfolio before seeking additional funds from ratepayers.

The Council has not outlined a strategic plan to optimise rental yields or sell underperforming assets. Many other local councils effectively utilise investment properties as a stable revenue stream, mitigating the need for excessive rate increases.

IPART has previously ruled that councils must demonstrate full utilisation of revenue-generating assets before resorting to an SRV, yet the Council has failed to meet this requirement.

6.2. Untapped Developer Contributions And Grant Funding

The Council has access to over $60 million in grants and $33 million in unallocated developer contributions. Instead of exhausting these alternative funding sources, it is shifting the financial burden onto ratepayers.

The Council has not provided a justification for why these funds remain unused. Developer contributions, which are collected specifically to support infrastructure and community projects, should be fully allocated before rate increases are considered. Multiple state and federal grant programs exist to support councils facing financial pressures. The Council has not disclosed whether it has actively pursued all available grants. Other councils facing similar fiscal challenges have successfully secured external funding without imposing drastic SRVs.

6.3. Failure To Implement Commercialisation Strategies

Beyond investment properties and developer contributions, councils across Australia employ various commercialisation strategies to generate non-rate revenue. North Sydney Council has made no serious attempt to:

- Increase revenue from parking and traffic management services, despite significant demand in high-density areas.
- Expand fee-for-service programs, such as community facilities and event spaces, to enhance revenue.
- Partner with private sector entities to leverage public assets for commercial benefit while retaining community access.

Without demonstrating these proactive efforts, the Council's claim that a significant rate increase is necessary lacks credibility.

6.4. Precedents

IPART has previously rejected SRV applications where councils failed to exhaust alternative funding sources. North Sydney Council's failure to optimise existing revenue streams, apply for external funding, or implement commercial strategies places its application in clear violation of IPART's financial sustainability requirements.

6.5. IPART Should Reject The SRV On Alternative Revenue Grounds

The Council's failure to exhaust alternative revenue streams represents a fundamental flaw in its application. Instead of undertaking responsible financial management, it is relying on ratepayers to cover its budget shortfalls. IPART should reject the SRV request outright and require the Council to explore and maximise all available revenue opportunities before imposing any additional financial burden on residents.

7. History Of Prior Special Rate Variations And Rate Increases

North Sydney Council has pursued Special Rate Variations (SRVs) and general rate increases over the past decade, raising serious concerns about the sustainability of its financial planning and governance. A pattern of repeated rate hikes suggests an overreliance on increasing revenue from ratepayers rather than implementing long-term financial discipline and cost control measures.

7.1. Recent Special Rate Variations And Approvals

In 2019, the Council sought approval from the Independent Pricing and Regulatory Tribunal (IPART) for an SRV of 7% per annum over five years (2019/20 to 2023/24). You (IPART) partially approved this request, allowing a 7% annual increase (including the rate peg) for three years (2019/20 to 2021/22). This decision permitted a substantial cumulative increase in rates and the minimum rate levy. If the current SPV is approved, this rate increase would indicate a failing to address the underlying fiscal mismanagement that necessitated such measures.

7.2. Concerns Over Financial Sustainability

The Council's reliance on continuous rate increases raises fundamental concerns about the sustainability of its financial planning. Rather than prioritising efficient budgeting, cost reductions, and alternative revenue streams, the Council has habitually turned to ratepayers to fund budget shortfalls.

This pattern of behaviour suggests:

- A failure to implement long-term financial stability measures, as evidenced by repeated applications for rate increases rather than structural cost-cutting initiatives.
- A lack of meaningful fiscal discipline, particularly in discretionary spending, capital projects, and operational efficiencies.
- An unsustainable financial model, in which ratepayers are continually asked to absorb the consequences of poor planning and financial mismanagement.

7.3. IPART Should Reject The SRV On Sustainability Grounds

IPART has historically rejected SRV applications where councils have demonstrated poor financial governance or an overreliance on rate increases as a primary funding mechanism. Given North Sydney Council's history of an earlier SRV request and the substantial burden placed on ratepayers, IPART should reject the current SRV application on the grounds that it does not represent a sustainable financial solution.

The Council must first undertake rigorous financial reforms, exhaust alternative revenue streams, and implement cost-cutting measures before seeking additional funding from its residents. Without these fundamental changes, further rate increases will only serve to perpetuate a cycle of poor financial management at the expense of ratepayers.

8. Inconsistencies With IPART's Assessment Criteria

North Sydney Council's application for a Special Rate Variation (SRV) fails to meet the fundamental assessment criteria set by the Independent Pricing and Regulatory Tribunal (IPART). IPART requires councils to demonstrate a genuine financial necessity, engage in transparent and inclusive community consultation, and exhaust all reasonable alternatives before seeking an SRV. North Sydney Council falls short on all fronts, making its application inconsistent with IPART's established framework and necessitating its rejection.

8.1 Grounds For Rejection

The Council's application must be rejected in full due to the following key failures:

- Lack of genuine financial necessity – The financial challenges cited in the application stem from mismanagement and poor budgetary decisions, not from an inherent revenue shortfall.
- Failure to implement sufficient cost-cutting measures – The Council has not demonstrated adequate efforts to reduce operational expenses before turning to ratepayers for additional revenue.
- Flawed and inadequate community consultation – The consultation process was designed to suppress opposition, lacked transparency, and engaged only a small, unrepresentative portion of the population.
- Unreasonable financial burden on ratepayers – The proposed increases would impose severe financial strain, particularly on apartment dwellers, low-income earners, and retirees.
- Failure to pursue alternative revenue streams – The Council has underutilised available financial resources, including grants, developer contributions, and asset optimisation, which could offset the need for an SRV.
- Historical overreliance on SRVs and poor financial governance – The Council has repeatedly sought special rate increases, indicating an unsustainable financial model that relies too heavily on ratepayers rather than responsible fiscal management.

8.2 Requirements And Precedent

The Council has not provided a credible justification for the rate increase, nor has it demonstrated a commitment to financial prudence or fair community consultation. IPART has previously rejected SRV applications under similar circumstances, and North Sydney Council's proposal should be no exception. Approving this application would set a dangerous precedent—one that rewards mismanagement at the expense of ratepayers. IPART must uphold its standards and reject this flawed SRV request outright.

8.3 Request To IPART

For the reasons outlined above, it is respectfully submitted that IPART reject North Sydney Council's application for a Special Rate Variation (SRV) for 2025-26 and 2026-27 in its entirety.

Dated this 26th day of February, 2025
Matt McInnes

Author name: M. Satterthwaite

Date of submission: Monday, 3 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The restoration of North Sydney Olympic Pool is a very visible excuse for the increase in rates proposed by certain North Sydney Councillors, but it does not justify the looting of ratepayers to pay for these Councillors pet projects. I recall in the initial options proposed for the restoration of the pool. These included putting in diving boards at one end, putting in childrens water slides and paddling pools at the other end, extending the pool from 50 yards to 50 metres and putting in an underground car park. At the precinct meetings I attended, it was made clear by the residents that all they wanted was the pool restored. These other proposals also came with a significantly higher price tag, but no-one from the Council said these proposals would be such that a rate rise would be necessary. There seems little doubt that the management of the pool restoration shows gross ineptitude, but this is water under the bridge now and the pool must be completed. One would hope that the members of staff responsible have been reassigned to street cleaning tasks. I dont believe that the Councillors can be expected to scrutinise the contracts or manage the contractors this is a matter for the Councils CEO and team. I do see, however, that this cost blowout has become a spurious justification to increase the rates in future years. I have read North Sydney Councils Long Term Financial Plan, including the 10-year wish list of future projects. Many of these projects are nice to have items and I would suggest that many on this list could wait until the Council had found savings elsewhere. Whilst there was a section of the LTFP that states Council has recently introduced an organisational performance function to focus on review and improvement, which in turn will result in improved efficiency and cost control there appear to be no cost reductions built into the LTFP. As a resident of Lavender Bay, one easy litmus test of the efficiency of North Sydney Council is their work on Clark Park. This area has so much attention that before the grass has a chance to grow it is being cut again, the roses are pruned too regularly, and the hedge never gets an opportunity to flower. When the grass is cut it is always too short with a result that it dies and has to be regularly returfed. The increase of 81.8% in the minimum rates from $715 to $1300 is the most egregious of the Councils proposal. There is a very large number of North Sydney residents who are low income earners and pensioners, for whom an increase of this magnitude, may be the tipping point. I note from the LTFP that a new North Sydney Council CEO was appointed in November 2022. The CEO has had two years to find efficiencies but there is no evidence of this in the LTFP. Among other tasks is the development and performance framework to support the creation of a high performing workforce. The LTPF states that Council has recently introduced an organisational performance function to focus on review and improvement, which in turn will result in improved efficiency and cost control. Where are these efficiencies and cost reductions? I did not attend the North Sydney Council meeting on Monday 10th February, but I have spoken to many who did. The attendees said that the inadequate planning for this meeting, which the Mayor would have to have known would draw crowds, was not only poorly organised, but treat the attendees with contempt. The Mayors combative demeanour was unnecessary. It had the hallmarks of a totalitarian state, rather than a civilised democracy. The LTPF states Population Growth: Expected growth trends that will influence demand for services, infrastructure, and resources. This population growth must also mean more dwellings and more rates. I dont see this increase reflected in the Councils financial models. Balance sheets projections for the next 10 years in all the tables has the same number for cash, receivables, payables and employee benefit provisions. This suggests to me that the modelling is very unsophisticated and unreliable. The LTPF states As of 30 June 2025, the current liquidity position is critically weak and if additional income is not sourced, expenses reduced or capital projects delayed this financial year, further short-term borrowings may be required. Whilst this is a statement of the obvious, the reduction of expenses or delay in capital works does not seem to be something the Council will contemplate. It seems that the concept of living within their means is abhorrent to this Council. IPARTs definition of financial sustainability: A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community. It seems that North Sydney Council is hell bent on doing what it wishes and has no intention of agreeing with the community. I therefore request that this rate increase be rejected.

Author name: M. Stevens

Date of submission: Friday, 7 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am making a submission as the survey did not allow me to express my concerns. My submission is in the attached PDF that can be published by IPART[redacted] I request that my address and phone number be confidential and not published.

Submission to IPART on the application for an increase in rates by North Sydney Council.

I responded to the Council's survey and supported the need for a rate increase but suggested that a lesser increase for a shorter time would be manageable and more acceptable to the community and questioned why the increase should be permanent. I was absent overseas at the time of the Council meeting and noting that it is a complex issue my submission is on general principles that I consider should apply in setting the rate increase.

- Nobody likes the cost of living increases but the North Sydney rate increase proposed is still less than the $2640.50 I paid the Sunshine Coast Council for a studio unit. North Sydney Council is to be commended for keeping rates at a low level until now.
- I note that critical comment has been made by previous North Sydney councillors who could have been part of the problems inherited by the present council. Their comments should be ignored.
- Critical comment encouraging protest has been made by the State members for North Sydney and Willoughby. This is politically motivated comment and unless they are resident in the North Sydney LGA it should be ignored as this is a local issue.
- The North Sydney pool is a local and national asset and rates set should cover the cost of the renovation that is almost complete.
- It has been suggested that Council should sell assets to raise money. This is NOT an option if the assets are income producing or necessary for community benefit.
- It has been suggested that the Council and library properties be developed as high rise to provide housing or facilities close to the rail station opposite. That is NOT an option as it will reduce the amount of green space in a city that is getting more and more high rise. The open area is in constant use by individuals and families and must be retained.
- Many other options for financing the Council's expenditure were suggested and and these should be expertly evaluated and followed if it means less money is needed from rates

Income from rates must be sufficient to maintain existing facilities as well as:-

- To maintain the green space in the LGA. This has been constantly reduced by road works and over development.
- To restore green space where it is possible.
- To provide housing assistance for people on lower incomes
- To provide assistance to elderly residents in need of care
- To provide spaces for community meetings at reasonable cost
- To provide support for community volunteer groups and their activities
- Future infrastructure provision should only be done on the basis of community needs that cannot otherwise be provided.

Michael Stevens   7 March 2025

Author name: M. Want

Date of submission: Sunday, 16 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
This was my input to the Council meeting: I am a concerned resident having run for council twice unsuccessfully. Small voice in a large noise tonight. Hopefully councillors can hear it. In hindsight Im happy not to have been elected as none this financial mess was public knowledge. I oppose the recommendation in item 10.3 to adopt the financial report. I didn't try to comprehend the financial report as it is a massive document Therefore, I support the Notice of Motion by Carr and Keen to further investigate options by an Independent expert or state gov body. However, this was the last item on the agenda after the main vote so I cannot understand how the meeting can approve the recommendation prior to the Motion? Public Consultation was flawed as follows: - Consultation was open over the Christmas / NY period (closed Jan 10) when most people are busy, distracted or away. - Consultation was not publicised properly by Council who then used the low number of responses to support their argument that most residents didnt care. - Survey itself was flawed - SRV options were limited, manipulating the result. We were away in Qld over Christmas/NY and it was a busy time leading into Christmas but I dont believe we received anything from the Council. I became aware of the SRV via an article in (I think) online Mosman Daily. We did get a flyer in the mailbox from someone alerting residents to the proposal and urging people to have their say before Jan 10. I did go online to do the survey, but didnt complete it because it would not allow you to progress to the next page if you didnt agree to one of the three options: 111%, 87.5%, 63% (from memory). There was no opportunity to say a lower percentage or No SRV. (I understand this was changed later.) North Sydney Pool: I come from a Project Management background. I'm wondering about the Business Case at commencement of the project and now after cost blow out. Wondering if one was one ever done ? I recommend: an Independent Enquiry into cost blow out to ensure future capital works don't happen. An Independant Review of all future capital works planned, for Business Case validity and for delivery strategy should be undertaken Community input to all future capital works prior to proceeding Is the pool going to be an ongoing drag on finances and rates. Ive lived in this area for 40 yesrs. Ive never been to the pool. Does the community actually want the pool? Accordingly, I Recommend a proper survey to understand the community interest in the pool. it be sold or transferred to State Gov as it is not for NS community only. investigation into sale of development rights or air space or other assets as recommend by Cr Spenderly. Regards Michael Want [redacted]

This was my input to the Council meeting:

I am a concerned resident having run for council twice unsuccessfully.
Small voice in a large noise tonight. Hopefully councillors can hear it.
In hindsight I'm happy not to have been elected as none this financial mess was public knowledge.
I oppose the recommendation in item 10.3 to adopt the financial report.
I didn't try to comprehend the financial report as it is a massive document
Therefore,
I support the Notice of Motion by Carr and Keen to further investigate options by an Independent expert or state gov body.
However, this was the last item on the agenda after the main vote so I cannot understand how the meeting can approve the recommendation prior to the Motion?

Public Consultation was flawed as follows:

- Consultation was open over the Christmas / NY period (closed Jan 10) when most people are busy, distracted or away.
- Consultation was not publicised properly by Council who then used the low number of responses to support their argument that most residents didn't care.
- Survey itself was flawed - SRV options were limited, manipulating the result.

We were away in Qld over Christmas/NY and it was a busy time leading into Christmas but I don't believe we received anything from the Council. I became aware of the SRV via an article in (I think) online Mosman Daily. We did get a flyer in the mailbox from someone alerting residents to the proposal and urging people to have their say before Jan 10. I did go online to do the survey, but didn't complete it because it would not allow you to progress to the next page if you didn't agree to one of the three options: 111%, 87.5%, 63% (from memory). There was no opportunity to say a lower percentage or No SRV. (I understand this was changed later.)

North Sydney Pool:
I come from a Project Management background. I'm wondering about the Business Case at commencement of the project and now after cost blow out. Wondering if one was one ever done ?
I recommend:

- an Independent Enquiry into cost blow out to ensure future capital works don't happen.
- An Independant Review of all future capital works planned, for Business Case validity and for delivery strategy should be undertaken
- Community input to all future capital works prior to proceeding

Is the pool going to be an ongoing drag on finances and rates.
I've lived in this area for 40 yesrs. I've never been to the pool. Does the community actually want the pool?
Accordingly, I Recommend

- a proper survey to understand the community interest in the pool.
- it be sold or transferred to State Gov as it is not for NS community only.
- investigation into sale of development rights or air space or other assets as recommend by Cr Spenderly.

Regards
Michael Want
[redacted]

Author name: M. Wright

Date of submission: Monday, 17 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I fully understand that North Sydney Council needs to put its finances on a firm foundation, taking into account the huge overspend anticipated for restoration of the North Sydney Olympic Pool, whose costs were grossly underestimated by the previous council members (and presumably staff). It is also clear that insufficient allowances have been made for unexpected interim costs (on this and other projects), by way of contingency funds. However, I feel strongly that a longer-term plan needs to be worked out to spread the income adjustment over a period of more than one year maybe 5 years, taking the adjustment period up to 2030, rather than just 202526. If necessary, loan agreements would have to be undertaken by the Council to bridge the gap over the next five years. This would constitute responsible financial planning rather than a knee-jerk reaction to a financial crisis. In brief, council rates should not, I believe, rise by more than 1520 per cent in any one year. Michael Wright (North Sydney resident)

Author name: N. Robinson

Date of submission: Tuesday, 18 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Please don't grant North Sydney Council, the right to increase rates by such an extraordinary amount in these difficult times

Noel F Robinson

[redacted]

Independent Pricing and Regulatory Tribunal

Level 15, 2-24 Rawson Place

Sydney, 2000

Subject North Sydney Council request for SRV

I am writing to formally object to North Sydney Councils application for a Special Rate Variation (SRV) that will see rates rise by 84%. This proposed hike is completely unreasonable, particularly given the Councils recent history of financial mismanagement, most notably the massive budget blowout in the costs of refurbishing the North Sydney Pool.

The Councils handling of the North Sydney Pool project is just one glaring example of its inability to manage ratepayer funds responsibly ,originally budgeted at $64 Million the project has now exceeded $100 million, a shocking overrun that highlights poor planning and fiscal responsibility . It Is unacceptable that residents should now be forced to bear the financial burden of these failures through such an extreme rate increase.

Furthermore, this is not an isolated incident. Other questionable financial decisions have plagued North Sydney Council leaving residents with little confidence in their ability to prudently manage additional revenue

Before any rate increase is even considered the Council must be held accountable for its past financial missteps and implement stringent measures to ensure responsible budget management and operating costs going forward

Approving this rate increase would be an unjust penalty on ratepayers who have already suffered from Councils mismanagement. Many residents are facing financial pressures due to cost of living increases, and this massive increase would only exacerbate their financial strain.

The Council must explore alternative solutions, including internal cost-cutting measures, improved financial oversight and more transparent budgetary planning.

I urge IPART to reject North Sydney Councils application and require them to justify their financial decisions before burdening residents with an excessive and unfair rate increase.

I appreciate your time in considering this submission and look forward to your response

Yours sincerely

Noel F Robinson

Author name: N. Stock

Date of submission: Wednesday, 26 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
This rate rise is outrageous and wrong. Councils mismanagement of funds and projects while giving them self a pay increase is not whats best for the community. Projects needs to be reviewed, assets accessed and sold if need be to cover costs of projects that should have been better managed. Mismanagement is not a reason to increase rates and cost cutting needs to be done first.

Author name: P. Burnett

Date of submission: Sunday, 2 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
As a current North Sydney Council rate payer, I would like to express my strong disagreement with the latest rate increase proposed by Council for this financial year. This Council shows a complete lack of economic understanding and a history of money mismanagement. Management of the refurbishment of North Sydney pool (late and well over budget) is a schemozzle: the bike ramp has been forced through against the wishes (and preferred location) of 98% of the local community; road speed bumps have been constructed and removed within months of placement; Lavendar St speed restrictions have not been properly constructed; the upgrade of the Burton St plaza was poorly managed for local businesses and the Kirribilli shopping area compared to the upgraded shopping area of Lane Cove is a total disgrace. The State Government should take over North Sydney Council and put in an administrator that shows some economic sense!

Author name: P. Ludeke

Date of submission: Wednesday, 5 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Please see my letter to the Minister which sets out why NSC's intended rate increase is an attempt to cover up for its incompetence and mismanagement of the North Sydney Olympic Pool upgrade.

16 December 2024

Hon R Hoenig
Minister for Local Government
Parliament House
Macquarie Street
SYDNEY

Dear Minister

North Sydney Council – Special Rate Variation

You will be aware that North Sydney Council (**NSC**) is intending to seek a Special Rate Variation (**SRV**). The SRV is to cover for NSC's incompetence and financial mismanagement, particularly in respect of its disastrous failure to properly manage the North Sydney Olympic Pool redevelopment.

The redevelopment was budgeted for $30 million cost. The cost already exceeds $90 million and latest projections are for it to reach $105 million. Of course, we all know how councils understate costs, and the $105 million will no doubt be well short of the final figure.

What extraordinary incompetence to allow this to happen.

NSC's solution is to for ratepayers to be hit to cover their incompetence.

NSC proposes to raise rates on residents by up to 111% per annum and to have that level of increased rates remain in perpetuity. This extraordinary impost on residents is not accompanied by any comprehensive overhaul by NSC of its expenditures. In other words, NSC thinks that it can maintain its historical spending levels regardless of the financial calamity its incompetence has brought to its own finances.

I have made a brief analysis of NSC's Financial Statements for 2022-23 (the latest published on its website) and have found savings of $10 million per annum that could be made easily.

A few simple examples will demonstrate. In 2022-23 NSC spent $1.11 million on a "Consultancy", but does not identify what the consultancy involved. NSC spent $2.4 million on "other contractor costs" without identifying what work was involved in the contracting. NSC spent $2.4 million on "Employee gratuities" without identifying why. Gratuity means a favour or kindness, as distinct from a legal obligation or requirement, yet NSC spent a huge sum of ratepayers money on payments it was not required to make.

I have brought these easily-made savings to NSC's attention in my submission regarding the SRV.

I have also noted to NSC in my submission that NSC has $56 million in investment properties, according to the Financial Statements. NSC is not an investment house. Its investment property portfolio can be reduced by the amount necessary to cover its incompetence in the Olympic Pool fiasco, as an alternative to hitting ratepayers with huge increases, but NSC has given no attention to this alternative.

An intriguing aspect of NSC's on-line portal "survey" for taking submissions on the SRV is that it includes the trick that one must select a "preferred funding option", no doubt so that

NSC can attempt to fool its constituency by saying that ratepayers did express a preference for some level of rate increase rather than opposition to any of the proposed huge increases. I did not fall for that trick and made my submission by e-mail rather than through the on-line portal. None of NSC's options is "preferred". None of the options is acceptable.

What is acceptable is that rates are not hiked to cover for the mismanagement and incompetence of councillors and employed council officers.

When a council is so incompetent, as is the case with NSC, the proper alternative is for State government to step in, dismiss the council, and install an administrator to objectively look at the intended ongoing waste in NSC's financial position, its apparent incapacity or unwillingness to rein in costs, and prevent ratepayers being slugged with outrageous rate increases to cover for the incompetence.

I encourage the NSW government to act decisively and dismiss NSC.

I look forward to your response.

Yours sincerely

[redacted]

Paul Ludeke

[redacted]

NORTH SYDNEY COUNCIL'S SRV AND ITS APPLICATION TO IPART.

Submission by Peter Noble.

In its submission to IPART, I believe that North Sydney Council (NSC) fails to meet the conditions for the granting of a Special Rate Variation (SRV) and /or increase in minimum rates.

I make this submission as a long-time resident of Milsons Point and a recent candidate in the Council elections. I am also a member of the Milsons Point Community Group and the Lavender Bay Precinct. As an active member of that precinct, I was involved in the research and drafting of the submission.

Consequently, I wholeheartedly endorse the submission in its entirety.

However, there are some additional comments I would like to make following my candidacy for the Council elections and my understanding of governance principes.

I will make these additional comments under the headings to which these applications refer.

Criteria 1. Demonstrates the need for the additional income:

As a former lawyer who practised in corporate governance and board operations, I wanted to make sure that if there were any issues around the finances of Council, I knew that before I commenced my campaign. In this research I made inquiries about the finances of Council from sitting councillors whom I knew, researched the publicly available information on the finances of Council and listened intently to what the existing Councillors said to constituents during prepoll and on election day. I was handing out election material with many candidates during the election period.

As to public disclosures, Council reported a $13.1 million operating surplus in 2023/24 and continues to report surplus. Without a rate variation, the Council forecasts an annual CASH SURPLUS of $6.5 million to $8.5 million for the next 10 years, totalling $67 million. There was nothing on the public record which gave me concern. From my experience with large contracts and discussions with colleagues who had information about the pool, I believed it was an issue reasonably easy to deal with, within the current Council finances.

However, on the campaign trail, I was particularly assuaged by the representations made by sitting Councillors who reinforced time and time again that the finances of Council were in order and there were no issues that they wished to raise with the electorate. I was comforted by these statements which were made continuously on election day and during prepoll.

Additionally, there was no mention made of the state of Council assets nor any mention that there was a need for a major reclassification that would require a massive rate rise.

This was I understood to be the contract put in place by the re-elected Councillors on assuming their role on the new Council.

From a governance point of view, this serious issue about the finances should have been an election issue as it is very clear that the executive of Council were well aware of the proposed SRV and of course the mayor would have been similarly aware. This just shows the contempt that the mayor and her confidents had for the constituents and her unwillingness to make them aware and engage honestly with them.

Criteria 2. Community awareness and engagement

As an active member of the community, I was really unaware of the public consultation about the need for such a sharp increase in rates. The lack of consultation has been detailed in the Lavender Bay Precinct submission so I won't repeat those figures here.

The engagement process was predetermined, lacked transparency and did not in any way consider community. Residents were not given realistic funding options and were blind sighted by the sudden financial crisis declaration. The survey was framed as "what rate rise do you want?' and when it was pointed out to Council that there was no opportunity to say the preference was for no rate rise, they simply amended the survey midway through to include a provision to say that. When it was pointed out to Council that the premise of the survey was flawed because the terms were varied substantially during its currency, these concerns were ignored.

As a further example of Council's lack of engagement with the community, I would like to highlight the Council meeting where approval was sought to lodge the IPART application.

This meeting took place on February 10, 2025. There were about 250 people in attendance and 44 constituents registered to speak, including myself. In the end only about 27 registered speakers spoke, with 25 against and 2 in favour. Many of the speakers spoke eloquently and offered many a sensible approach to the rate rise. Many of the speakers were experienced people in business and academia and spoke with some authority.

However, throughout the meeting the speakers were treated with distain without any acknowledgement of their contribution. It became apparent later in the week that the IPART was being uploaded at that time, and the minutes had been finalised. The meeting was purely perfunctory, and insulting to all those present.

The meeting was also quite raucous. It concluded at 11.06 pm, and yet NSC uploaded its minutes and application to IPART between 11.06 and midnight on the same night. This is evidence that the NSC had no intention of listening to the community as they could not have meaningfully incorporated community feedback from the meeting into its final submission. The community feedback was completely disregarded. In addition, the information and feedback from residents and local businesses could not have been accurately reflected in NSC's application to IPART.

Actually, it gets worse. In reviewing the transcript of the meeting and analysing the presentations of Councillors who spoke in favour of the rate rise, their arguments contained anecdotal evidence about leaking roofs and invalid comparisons about rates in other local government areas. This comparison is shown to be defective in the comprehensive Lavender Bay Precinct submission. As the SRV is about hundreds of millions of dollars of additional rates the community's expectation was for a clinical analysis of the reasons for the rate rise and not some simplistic and quite ignorant address to the people of North Sydney who had gathered to be informed.

Criteria 3. Impact on Ratepayers

What is obvious to me is that the proposed rate increase is unreasonable and would negatively impact residents' businesses and the retail sector in the most difficult of times. In analysing the impact of the rate increase on constituents, council has relied on aggregated data with no critical evaluation on how the affected ratepayer had capacity to pay. It is also noted that the survey of over 1000 residents showed that 78% of respondents opposed the increase. And anecdotally among pensioners that I know have expressed serious concern about the impact on them and their ability to pay. One lady received a letter from her landlord increasing her rent shortly after the SRV was announced. I am sure that this is widespread among the renters/pensioners in North Sydney.

The large commercial enterprises have expressed similar concerns with Stockland stating

"North Sydney has long relied on its competitive office market to attract businesses. A sudden and disproportionate increase in rates risks pushing tenants away and making the area less attractive for future investment".

Businesses are still struggling with post pandemic pressures and issues relating to Warringah freeway construction, SHB northern access cycleway construction, metro construction in Crows Nest and North Sydney and numerous major buildings in Crows Nest and St Leonards. These issues, as well as the increase in costs in general, would make business in the North Sydney area untenable.

Again, it is also worth noting here that 78% of survey residents indicated that they were NOT willing to pay for the Informing Strategies. There were no details and nothing was costed. Funding a wish list in this cost-of-living crisis is an egregious folly.

Criteria 4. Exhibition and Adoption of IP&R Documents

The relevant documentation, comprising eight complex documents, was exhibited. However, the engagement program (29 November 2024 to 10 January 2025) was conducted over the holiday season and hence was both untimely and ineffective.

It was really unclear that, for example, the 8 informing strategies would be included in a dramatic rate increase proposal without any details, cost analysis or budget or time frame for execution. Ratepayers were presented with a fait accompli. In 2024, NSC revised its eight "needs" strategies without considering their cost implications, causing the LTFP to lag. Local Government Integrated Planning and Reporting guidelines require financial strategies to inform key strategies and plans during development. The LTFP has been designed so that more than $60 million is allocated to Informing Strategies in the first three years. It is significantly front ended when NSC has pressing financial, asset, operational and executional matters with which to deal. So much for the financial crisis.

Criteria 5. Productivity and cost Containment.

NSC Council has not proposed other cost options such as sale of underperforming assets. There is no quantifiable evidence that NSC has implemented a continuous improvement framework to identify and implement ongoing productivity and cost containment strategies. Any serious organisation predicting a financial crisis would immediately conduct a detailed risk analysis.

CONCLUSION

I believe that North Sydney Council, in its submission to IPART, fails to meet the 5 criteria of IPART's conditions for the granting of a Special Rate Variation, for the reasons I have stated above and for the reasons included in the substantial submission made by the Lavender Bay Precinct, of which I am a member.

It has failed to demonstrate a need for additional income, nor made the community aware of the substance of the SRV. It has not engaged the community to any degree, nor has it understood the impact of constituents, rather dealt with those issues with anecdotes and false comparisons. The exhibition of the relevant documents was trite and there was no attempt to look at any productivity improvements nor any cost containments.

In the future, ratepayers should be provided with clear disclosure that North Sydney Council has taken concrete steps to address inefficiencies, reduce unnecessary expenditure, and implement stronger financial oversight before seeking an SRV.

It is essential that Council focus on delivering necessary services, funding capital works and maintaining a skilled workforce. The SRV proposal is undermined by the lack of strategic clarity and sound financial planning.

North Sydney Council has failed to be transparent in its actions and words and ratepayers are concerned that additional funds may result in increased internal reserves but not increase services and productivity.

IPART Submission - Special Variations & Minimum Rates 2025-26
North Sydney Council
Joint Special Variation

I contend that the application by North Sydney Council for a Special Rate Variation (SRV) amounting to a 87.05% rate increase over two years is unprecedented, unwarranted, unnecessary and inequitable. More damning in my opinion is that the SRV reflects lazy staff management practices and extremely poor leadership and oversight by elected councillors.

I do agree that council rates should be increased over the next two years. However, any increase should be more modest and more in line with ratepayers ability to pay.
This will provide Council with increased revenue for essential services and infrastructure maintenance while importantly giving it time to develop more comprehensive and equitable strategies to deliver financial strength and sustainability over time.

I do not believe that Council has objectively demonstrated the need for the level of additional income it proposes to raise through a SRV. In fact data from Council's recent annual financial statements do not support the Council's case or demonstrate the need for the proposed level of increase.

Council says in its public communication materials dated November 2024 that a key reason it needs a SRV is its "declining revenue from other sources". This statement is not supported by its own annual accounts which report the following:

"Other income (excluding Grants)"	2022	$43,525,000
	2023	$52,203,000
	2024	$53,955,000

As can be seen, "other revenue" is in fact increasing.

Another significant reason Council uses to justify the need for a SRV is the blow out in the cost of the North Sydney Olympic Swimming Pool.
Why did staff recommend to Council at its meeting in April 2023 not to apply for a SRV at that time or for one in 2024? A timely application at this time would have resulted in the benefits of increased revenue twelve months earlier than the current application. Was this simply an example of poor management practice and ineffectual councillor oversight or a deliberate strategy to delay until after the next Council elections in September 2024?

Evidence to-date suggests that Council officers are not experienced enough to manage a project of the pool's magnitude. As of today, Council cannot or will not put a final figure on what the pool is going to cost and when it may open.
The cost dilemma is further complicated by legal action initiated by Council which will surely be expensive, contested and may take years to resolve. Council can conveniently hide behind the curtain of 'commercial and legal in confidence', and not make any of its considerations and cost implications available to ratepayers.

As the pool is a major one-off cost, Council should consider selling off specific non-core assets to meet this one-off expense. Council currently manages assets as detailed in its 2024 annual financial statements totalling $1,662,742,000 made up of infrastructure, property, plant and equipment and investment property. Selling 5% of this portfolio would yield $83 million which would more than cover the shortfall in the pool construction costs.

Council dismisses out-of-hand any suggestions of asset sales without providing any considered reasons for its refusal to do so. I find this attitude totally unacceptable and one that defies any form of best management practice and personifies yet again lazy staff behaviour and councillor arrogance.

Council further says its "reserves" are near exhausted. Its financial statements over the last three years show the following level of reserves:

2022	$153,102,000
2023	$137,405,000
2024	$158,515,000

Council policy is against any increase in borrowings. In my opinion Council clearly has the ability to leverage its assets further and fund increased borrowings. Its current cost of borrowings as a percentage of income is 0.99%.This is a very low percentage on any objective set of benchmarks and an increase in the level of borrowings would be sustainable as Council's income increases over time.

In the lead up to the Council elections in September 2024, not one candidate seeking election mentioned in any manner that Council would need to increase rates over and above the normal pegged level. Certainly no mention of the need for a SRV.

Yet, I believe, at the newly elected Council meeting in November 2024, Council approved by majority, the appointment of a communication consultant to produce marketing materials designed to outline and promote four specific and pre-determined funding options to increase rates by up to 111% through a SRV application. It clearly suggests that discussions were had and decisions were made prior to this date. Why were they not made public?

As part of this SRV strategy, an on-line survey was designed and promoted to seek community feedback.
However, the design was flawed from the outset as there was no provision to complete the survey if you disagreed with one of the four funding options. There was no provision to offer an alternative view. As a result, only 5% (reported during Council meeting in February 2025) of ratepayers completed the survey. Hardly representative of community engagement and support.

When Council formally considered the SRV at its meeting on 10 February 2025, forty four ratepayers registered to speak on the matter; forty one spoke against and only three spoke in favour. A further confirmation of the lack of community support.

Never-the-less, councillors voted seven to three in favour of proceeding with the SRV.

As a result, I strongly contend as outlined above, that the Council has no mandate and no community support to seek a rate increase as contained in its application.

In my opinion it is totally unreasonable that ratepayers alone should have to meet the full increase of the SRV. As I have said above, this simple one dimensional solution is the result of lazy management and councillor disregard for any other considered funding strategies.
In most commercial businesses this behaviour would be seen to defy any form of best management practice and not meet a basic level of good corporate governance.

At no time did staff or councillors seriously explain why they refused to consider other funding options such as selling non-core assets, selling assets and leasing back, raising user charges, increase borrowings, make further administrative efficiencies, reduce councillor benefits and outsource some specific services for example.

Most damning in my option is given the quantum of the increase sought and the impact solely on ratepayers is the fact that no external expert advice was sought. Councillors relied solely on staff advice; the very staff that have been involved in the pool fiasco that in itself was the very catalyst for this SRV.

Council has publicly trumpeted the productivity and cost containment strategies introduced in 2023 to streamline its administrative overheads.
Despite this, Council's "employee benefits and on-costs" have only continued to increase as reported in the annual financial statements as follows:

2022	$42,371,000
2023	$47,068,000
2024	$49,118,000

Future expenditure in council's published plans only show continued increases in this area of expenditure. In fact, in the forward estimates it is not possible to see nor has it been qualified where any efficiencies or savings maybe achieved.

In conclusion, North Sydney Council has failed to justify a need for an increase of the magnitude outlined in its SRV.
It certainly does not have a mandate for a SRV, and it certainly does not have ratepayer support; in fact the contrary.
Apart form funding the increased costs of the Olympic pool and catching up with some asset maintenance, it does not have a plan for the large surpluses the SRV will generate.
The fact that rate payers are being singled out to fund the SRV is totally unreasonable, inequitable and in many instances it will be beyond the reach of some ratepayers to pay.
Pursuing this application reflects an arrogant and lazy process adopted by Council, particularly at a time when most individuals, families and businesses are struggling on a daily basis to meet the ever increasing costs of living in these challenging times. A very real concern shared by the NSW and Federal governments.

IPART should not approve North Sydney Council's SRV application, but instead approve an increase that reflects ratepayers' expectations and ability to pay and which will provide Council time to put in place more equitable and sustainable strategies to source increased levels of revenue by other means.

IPART should in my opinion approve a SRV for an increase based on the level of inflation plus 15% in 2025/26 and an increase based on the forecast level of inflation plus 7.5% for 2026/27.

Philip Russell
[redacted]

Author name: P. Vandervaere

Date of submission: Friday, 28 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I strongly object to the proposed huge increase (87.05%) in Council rates for the following reasons: 1. There was a huge backlash from residents at the Council meeting to approve these changes. There were hundreds of concerned residents present and very few spoke in favour of the increases. It was clear they were not interested in the many speakers that spoke against the motions. The Council are supposed to listen to their constituents. 2. The Council have been inept in the management of Council funds over many years culminating the the North Sydney Pool debacle. 3. Speakers enquired as to why a loan could not be sought from NSW govt to fund the pool upgrade over say 20 years. One speaker said that the Sydney Harbour Bridge would never had been built without a long term loan. This is entirely logical. 4. Could are not looking at measures to rein in costs e.g. the recently upgraded a plaza in Burton St Kirribilli. This had been done about 10 years earlier and did not add any real benefit. We have a major Council cleanup every two weeks alternating with a plant waste cleanup. These could be done monthly or quarterly. 5. The Council claims that the lowest rate would go up from $700 to $1200. We own some small studio apartments in North Sydney and we are paying over $1,200 plus levies. So if there is someone paying $700 it must be a garage. This gives a very false impression of the current levies. Under the proposed increase these will be raised to around $2,250. We will have to pass this onto tenants who are struggling with the high cost of living. I can assure there are many residents in North Sydney that are doing it tough. If we can't pass on the cost to tenants we will consider selling as there very little profit in leasing properties. 6. They have put together a wish list of things they want to do but have not prioritised of financially justified these items. 7. The proposal to increase the rates was rushed through over the Christmas period when many people were away on holidays. There was very little feedback sough from residents. I proposed that the Council: a. Get a loan from state government to complete NS Pool. b. Prioritise the projects and justify them. Survey residents to determine what they see as their priorities. c. Have a series of rate increases, eg. 7% over say three years and re-assess the finances each year to see how they are tracking.

Author name: R. Diddams

Date of submission: Tuesday, 18 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Ruth Diddams [redacted] 18.3.2025 Independent Pricing and Regulatory Tribunal (IPART) Level 2, 133-135 Macquarie Street Sydney NSW 2000 Dear IPART Tribunal Members, I am writing to express my strong objection to the proposed 87% rate rise by North Sydney Council. This extraordinary increase will have a devastating impact on residents, businesses, and the community as a whole. As a resident in North Sydney, I am deeply concerned about the affordability and fairness of this proposed rate rise. Many residents, including low-income families, retirees, and individuals on fixed incomes, will struggle to absorb such a significant increase. The proposed rate rise will inevitably lead to financial hardship, reduced disposable income, and decreased economic activity in our community. Furthermore, I question the justification for such a substantial rate rise. I urge IPART to scrutinize the Council's financial management and budgeting practices to ensure that all avenues for cost savings and efficiency gains have been explored. It is essential that any rate increase is reasonable, justified, and in line with the Council's community obligations. I request that IPART consider the following: 1. A more modest rate rise that reflects the Council's genuine needs and is aligned with the current economic conditions. 2. A phased implementation of any rate increase to minimize the financial burden on ratepayers. 3. Greater transparency and accountability from the Council regarding their financial management and budgeting practices. At no stage during the election campaign to elect this Council was there any mention of rate increases yet the Mayor and a number of Councillors were part of the previous Council. I would appreciate the opportunity to attend a public hearing to express my concerns and provide further feedback. I look forward to IPART's consideration of my submission. Thank you for your attention to this matter. Sincerely, Ruth Diddams

Author name: R. Jenkins

Date of submission: Sunday, 9 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I can NOT afford a rate rise as high as the proposed. North Sydney is going to financially cripple their rate payers for what? Their total lack of administration and poor planning. I would have to sell my property that is currently my only form of somewhat financial security. I am not a well off person as many perceive North Shore residence to be. I was fortunate enough to afford a tiny bit of real estate in a great location many years ago. This rate hike would mean i cant afford to keep this property. It could also mean that selling the property would be difficult as many people could not afford the proposed rates. Please do not let this pass.

Author name: R. Marwaha

Date of submission: Sunday, 2 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am strongly opposed to this outsized increase due to the following 1. There is no demonstrated need for additional income apart from the one time issue of 60 million for the pool. The other items came out of a 10 year strategy session which the mayor said were just post it notes from the session and was a wishlist. The council is within its budget so how come there is a financial crisis unless it was deliberately manufactured which it is from a reading of the accounts. 2.Community awareness was completely absent . It was deliberately done over the Christmas holidays in order to ensure there was no engagement. The survey was itself flawed.The council did not address any of the issues raised by the 44 people who spoke at the meeting . The only comment was one made by a councillor that the speakers were not representative of the community . 3.The impact on ratepayers is totally unreasonable. I will not say much about this since others will. I can only say that rents have already started to go up last week as landlords start to factor this increase. North Sydney will contribute to the cost of living issue. 4. Productivity improvements and cost containment. This was notable for its complete absence. In fact the mayor indicated they had not prioritised or left out things but had just added about 120 million to build up reserves and about 100 million to include cat 4 infrastructure items which were not not urgent and had never been included before. The absence of any effort of taking a strategy and then checking it against affordability was totally absent. I would like this body to consider that the council knows that its submission is flawed but is being put up so that they can an increase of say 40 % after softening the residents .That would be a tregedy for so many residents. I look forward to the tribunal subjecting this to a rigid financial analysis and I hope you will agree that this proposal is completely unmerited and will be very detrimental to the community of north Sydney.

Author name: R. Montgomery

Date of submission: Thursday, 13 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
NS Council's submission for SRV does not comply with several of IPART's assessment criteria. In my view the most blatant non-compliance is with regard to Criterion 1 [the need and justification for a new revenue path (via the proposed SRV) is clearly articulated]. * Annual surpluses of $6.5-8.5 million are expected over the next decade without the SRV, resulting in additional $67 million of reserves. With the SRV reserves would balloon to $290 million. In contrast, the unfunded overrun costs on the Pool are $55 million only. The "requirement" for such excessive generation of revenues is not explained by NS Council. * Council's claim of a $146 million infrastructure backlog is highly suspect. Potentially $100 million of this claim figure is due to an undisclosed change (by Council) in asset renewal methodology which is unduly conservative (compared to all other Sydney area councils and to historical precedent) in suggested need for asset replacement. The more realistic infrastructure backlog (of around $46 million) can be easily funded by "normal" rate increases, hence not requiring an SRV. * Council's actions on this matter have not been transparent and suggest a poor state of financial administration and governance in conducting its long-term infrastructure planning.

Author name: R. White

Date of submission: Friday, 7 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Im writing to please carefully consider a cpi or moderate rate rise as opposed to the one North Sydney Council has proposed. Im a bus driver based at North Sydney depot. I bought my unit so I could be close to work. I am not wealthy & the increases proposed along with interest rates, cost if living etc would make it very difficult on my wage of $34 per hour. Please consider essential workers who do not want to travel long distances to work & are working hard to retain their properties. I also know of other bus drivers from the area that are in a similar position Thanks very much for your consideration

Author name: R. Whittaker

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
87% increase ???" Most people would not be able to carry on if everthing went up 87%. Council should be looking at their salaries and employment numbers and more efficient ways to manage their budget rather than slug the ratepayers for their inefective management of the budget.

Author name: S. Grenville

Date of submission: Sunday, 2 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I write not to oppose a significant overall increase (which is necessary), but to comment on the reasonableness of the division between the minimum rate and the rates based on land values. Over recent years the land-value basis has increased hugely (reflecting the increase in VG valuations), while the minimum rate has increased modestly. The result is that the two are now far out of appropriate relativity, and far from their historical relationship. My rates, on a R2 block of 500 square meters, are now almost ten times higher than the minimum rate. The proposed variation will scarcely change this distorted relativity On the basis of Council services provided, I receive the same as other ratepayers. On the basis of capacity to pay, I accept that a single house on such a block is a demonstration of greater capacity to pay, but in this municipality there are many apartments valued at multi-million dollar figures. It is apparent from the percent of residences that pay the minimum rate (almost 80%), these multi-million dollar dwellings are paying the minimum rate. This problem will be exacerbated in the future, as most of the additional residences in the municipality will be multi-units. My suggestion is that IPART should approve the proposed increase in the minimum rate but set the total rate-income so that the increase for land-value-based properties results in a significantly lower increase for these properties. This would still provide a very substantial increase in funds for the Council to meet its backlogs.

Author name: S. Kok

Date of submission: Monday, 17 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Dear IPART, please find attached my submission on North Sydney Council's SRV and Minimum Rate Increase proposal. I am happy to be contacted should you have any questions or if you would like me to share with you any additional information such as datasets or calculations or sources. Would you please be able to confirm receipt of my submission dated 17 March 2025. Thank you. Yours sincerely, Sarah Kok

17 March 2025

Carmel Donnelly PSM — Chair
Independent Regulatory and Pricing Tribunal (IPART)

Dear Ms Donnelly PSM

Submission: North Sydney Council's Application for Special Variation and Minimum Rate Increases

Please find **attached**, my submission to IPART.

I hold a Bachelor of Economics (First Class Honours), Diploma in Financial Services/Financial Markets, and Australian Financial Markets Association accreditation. I have worked for global law and economic consultancies, advising government and private sector clients in Australia and internationally. Additionally, I have over 15 years of experience in commercial roles within government-owned, privately owned, and ASX-listed companies, where I have been accountable for financial decisions valued in the hundreds of millions. My expertise lies in ensuring that such decisions are backed by rigorous, fact-based analysis, with transparent methodologies and assumptions.

The analysis in my submission demonstrates that NSC's SRV proposal is not adequately justified and lacks transparency. As a North Sydney resident, I am concerned that if approved, the proposal will result in an unfair burden on North Sydney ratepayers, now and into the future.

As outlined below and demonstrated in the attached submission, the SRV should not be fully approved because key assessment criteria have not been satisfied:

1. Need for additional income not adequately demonstrated

a) Overstated Infrastructure backlog figure ($146 million)

- NSC has increased this figure by **$100 million** through an **<u>undisclosed</u>** methodology change in its FY24 financial statements, creating the false appearance of a significant deterioration in the infrastructure backlog ratio, while at the same time utilising the inflated figure as a justification for the SRV. Not disclosing this change is a **serious transparency failure**.
- When compared with 29 other NSW Councils, the NSC methodology is a clear outlier and **inflates the infrastructure backlog on average by 3.62 times**. If NSC's methodology were to be adopted by the other Councils surveyed, those ratepayers would face **an additional cost of $3.3 billion**. Approving NSC's methodology risks setting a precedent for excessive SRVs across the state.

b) Misrepresented funding need for Informing Strategies ($167 million)

- During the SRV consultation in Dec 2024 to Jan 2025, approximately **80% of 792 respondents opposed** funding the new projects, with many of the 245 written submissions expressing concerns about non-essential spending.
- Despite this feedback, NSC asserts that these new projects reflect community priorities, citing a May-June 2024 Informing Strategies consultation. However, this consultation did not mention the need for an SRV to fund these projects.
- NSC also cites 42 SRV workshop participants as supporting the strategies, but selection bias is a concern, as they were drawn from the same group that helped develop the strategies. Additionally, 42 is too small a sample for an adult population of over 60,000.
- NSC should delete the Informing Strategies from its SRV proposal and work with the community over the next 12 months on project prioritisation, with full cost transparency.

c) Excessive unrestricted reserves ($97 million by FY35)

- An accumulation of $97 million in unrestricted reserves by FY35 (on top of $203 million in internally and externally restricted reserves) is inadequately justified, given NSC's historical annual unrestricted reserves of \$4.5-\$13 million since 2015, and a surveyed Council average of approximately \$15 million. A level of unrestricted reserves in the range of \$15-\$20 million would seem more reasonable.

- NSC claims it is pursuing financial sustainability – but excessive reserves can also **diminish transparency and accountability,** function as a **safety-net for project cost-blow outs,** and enable **politically motivated or electoral cycle-driven spending**.

2. **Inadequate evidence that ratepayers are aware of the need for the rate rise**
   - Key NSC documents failed to disclose the accumulation of \$97 million in unrestricted reserves by FY35, preventing ratepayers from fully understanding the true purpose of the SRV. Notably, **key entries in the Cash Flow Statements of the Long-Term Financial Plan, which are crucial for understanding the allocation to unrestricted reserves, either show NULL values or are completely missing.** This critical information has only come to light in recent documents submitted by NSC to IPART, meaning the community was not given the opportunity to consider this aspect during the consultation process. As a result, the assessment criterion requiring evidence that the community is aware of the need for the rate rise, has not been fully satisfied.
3. **Fundamental flaws in NSC's Capacity to Pay analysis means NSC has not demonstrated that the impact on ratepayers is reasonable**
   - NSC's consultant, Morrison Low, claims North Sydney ratepayers have the capacity to pay citing the SEIFA Index. However, Morrison Low has **selectively omitted the SEIFA Index of Economic Resources (IER)**, which ranks North Sydney in percentile 49, highlighting significant economic diversity and the presence of financial vulnerability among residents. North Sydney's IER score also sits significantly below neighbouring LGAs Willoughby (percentile 84), Mosman (percentile 93) and Lane Cove (percentile 91).
   - Morrison Low's affordability conclusions **rely on outdated ABS data from 2021** - a year marked by the Covid-19 pandemic with interest rates and inflation at historical lows. Morrison Low's analysis fails to account for an 18% CPI increase and 4% increase in the RBA cash rate since January 2021 – factors that have significantly worsened mortgage stress, rental affordability and cost of living pressures. Failure to acknowledge materially changed economic conditions diminishes the credibility of Morrison Low's analysis.
   - Non-resident ratepayers' capacity to pay is ignored, rendering the analysis incomplete.
4. **Cost containment / productivity improvements not demonstrated**
   - Inflating the infrastructure backlog, maximising reserves and pursuing non-essential projects, combined with a concerning lack of transparency — suggests efforts to justify the largest possible SRV, as opposed to demonstrating financial restraint.
   - Employee on-costs and benefits are set to increase by 63% over 10 years with a \$7 million jump in the first year, which seems an unjustified expansion.
   - NSC has not committed to any asset sale, posed any substantive revenue generating opportunities, nor identified any services or projects that could be trimmed.

At a time when many households are struggling financially, I urge IPART to **limit the SRV and exclude funding for items for which NSC has failed to provide adequate justification.** If the \$100 million overstatement of the infrastructure backlog figure is addressed, FY35 unrestricted reserves reduced to a more reasonable level in the range of \$15-\$20 million, and new Informing Strategies reduced by \$167 million, the SRV could be substantially reduced. Any SRV approved should also be made conditional with a requirement that funds be allocated and used only for their intended purpose.

Thank you for considering my submission. I would be pleased to assist with any questions or provide any additional information (including datasets or calculations), to support the points raised.

Yours sincerely
Sarah Kok

Submission to the Independent Pricing and Regulatory Tribunal (IPART)

North Sydney Council's proposed Special Rate Variation and Minimum Rate Increase

Sarah Kok

17 March 2025

Contents

Figures

1. Introduction

Based on analysis of North Sydney Council (NSC)'s proposed SRV, it is found that NSC has failed to adequately justify the need for the full amount of the additional revenue being sought.

The documentation provided by NSC to ratepayers and the Independent Pricing and Regulatory Tribunal (IPART) lacks transparency and is misleading in parts, misrepresents community priorities, and forms conclusions about the impacts on ratepayers based on unreliable and incomplete analysis. The purported need for additional funding for key expenditures - such as the infrastructure backlog, unrestricted reserves, and Informing Strategies - are overstated, misrepresented and/or inadequately justified, while alternative cost-containment or revenue-generating measures have not been sufficiently explored.

Given the significant financial burden this SRV would place on ratepayers, particularly in the current economic climate, IPART must critically assess whether the proposal is both reasonable and justified.

This submission presents the analysis undertaken and its findings, demonstrating why there is scope to significantly reduce the SRV and minimise the potential financial burden on current and future ratepayers.

The analysis undertaken focuses on the following four of the five assessment criteria set by the Office of Local Government, that is, whether NSC has:

- Criteria 1: Demonstrated the need for the additional SRV income;
- Criteria 2: Demonstrated that the community is aware of the need for and extent of a rate rise;
- Criteria 3: Established that the impact on affected ratepayers is reasonable; and
- Criteria 4: Explained and quantified the council's productivity improvements and cost containment strategies.

2. Criteria 1: Demonstration of the need for additional income

The SRV being sought is expected to generate additional revenue between \$527 and \$558 million (depending on escalation assumptions after Year 3)[1]. The analysis provided in this submission shows that the need for this amount has not been adequately demonstrated, and there is scope for significantly reducing the SRV.

Figure 1 shows the allocation of SRV funds over a 10-year period, based on data reported by NSC in its "Application Part A" (excel) submitted to IPART.

[1] **\$558 million** is SRV funding over 10 years calculated as the difference between i) rates income over 10 years, with the SRV, as reported in WS10-LTFP and 2) rates income over 10 years if the 2024/25 base year is escalated at the assumed rate peg presented in WS2- Proposal and the NSC Long Term Financial Plan page 23. **\$527 million** is the figure reported by NSC in WS8 – Expenditure Program (cell U29). **\$544 million** is the figure reported in WS10-LTFP. The worksheets (WS) referred to here, are those contained in NSC's Application Part A (excel) submitted to IPART.

Figure 1: Allocation of SRV funds over 10 years

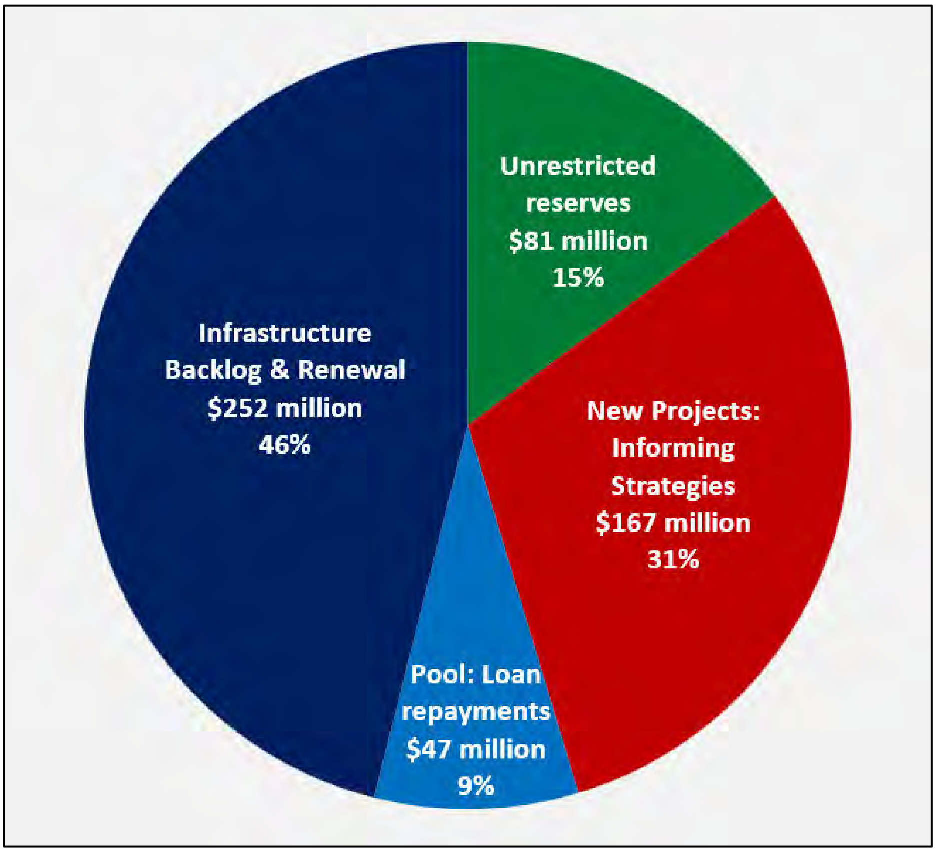


Figure 1: Based on data reported in NSC's Application Part A, "WS8 - Expenditure Program" and "WS10-LTFP"

2.1 $146 million Infrastructure Backlog - Funding need is overstated

NSC claims that it has a $146 million infrastructure backlog and that this is a justification for a large portion of the SRV (noting that spending on the infrastructure backlog is reported as $140 million over 10 years in NSC's "Application Part A (excel) WS8 - Expenditure Program", as submitted to IPART). The $146 million figure is reported in NSC's FY24 Financial Statements in its Report on Infrastructure Assets and used in the calculation of the Infrastructure Backlog Ratio for FY24, and referred to in a range of SRV documents provided by NSC to the community, including its Long-Term Financial Plan, Asset Management Strategy and relevant Council papers.[2]

WS8 - Expenditure Program (from NSC's Application Part A) shows that NSC is proposing to raise another $112 million for "Infrastructure Renewals".

The Infrastructure Backlog figure of $146 million presented by NSC, is overstated, as explained below.

a) Undisclosed methodology change in Infrastructure Backlog calculation with $100 million impact

The $146 million infrastructure backlog was first highlighted to the community by NSC on 25 November 2024, when the SRV proposal was tabled at a Council meeting for the first time.[3] The $146 million infrastructure backlog was cited as a key driver for the need for additional revenue.

[2] $146 million infrastructure backlog is referred to in various NSC documents including the Council paper tabled at the Council meeting on 10 February 2025, "*10.3. Proposed special rate variation for long term financial sustainability*", page 9, 10, 12, and in the NSC's Long-Term Financial Plan page 15, and throughout NSC's Asset Management Strategy.

[3] Refer to footnote 2.

In early January 2025, [redacted], a Senior Lecturer in accounting at UTS with a PhD in accounting, publicly released a You-Tube video sharing his analysis and findings on the Infrastructure Backlog figure of $146 million. The video is accessible here: https://www.youtube.com/watch?v=sFTdUSM_GJo.

The analysis presented by [redacted] reveals that about $100 million of the $146 million figure is driven by an undisclosed change in definition adopted by NSC in the FY24 Financial Statements.

For all years prior to FY24, NSC had calculated the Infrastructure Backlog – or the "*Estimated cost to bring assets to a satisfactory standard*", as the Gross Replacement Cost of Category 5 assets. In FY24 NSC changed this to the Gross Replacement Cost of Category 4 and 5 assets. **This change in definition increases the FY24 figure by $100 million and significantly worsens the Infrastructure Backlog Ratio** – both used to justify the need for additional funding and the SRV.

Concerningly, the change in methodology - that was applied to the FY24 figure, and retrospectively applied to the FY23 and FY22 figures reported in NSC's FY24 financial statements, **was undisclosed in NSC's FY24 financial statements**. It was also not disclosed in other NSC documents that canvassed the need for an SRV citing the $146 million infrastructure backlog as a key driver. A copy of the relevant section of NSC's financial statements provided in **Attachment 1a**, illustrates the non-disclosure.

The non-disclosure has the effect of obfuscating the derivation of the figures and gives the misleading impression that the infrastructure backlog has deteriorated significantly.

NSC has also not been transparent about the change in methodology in the information it has furnished to IPART. In NSC's "2025-26 Application Part A, WS11-Ratios"[4] , NSC reports the historical infrastructure backlog ratios as 3.7% for FY22, 13.2% for FY23, and 13.1% for FY24, **giving the impression of a sudden deterioration between FY22 and FY23. This is misleading - there has been no such material deterioration - the FY23 figure has simply been restated and the FY24 figure has been calculated using the revised methodology**. However, NSC fails to transparently disclose this. An extract of the relevant part of WS11-Ratios is provided in **Attachment 1b**. (Note these figures are also inconsistent with the presentation of the ratios in the FY24 financial statements, where NSC has restated both the FY22 and FY23 figures).

b) Comparative analysis - NSC's methodology inflates the Infrastructure Backlog

NSC has calculated its $146 million infrastructure backlog as the Gross Replacement Cost of category (or condition) 4 and 5 assets. Since NSW councils are required to report both the Infrastructure Backlog and the Gross Replacement Cost of their assets across categories 1 to 5 in their annual financial statements, NSC's approach can be compared with that of other councils to assess the reasonableness of NSC's approach and whether its methodology is in line with industry standard.[5]

A comparative analysis using data from 29 other Councils demonstrates the following -

1. **No other Council** calculates the Infrastructure Backlog (or the "Estimated Cost to bring assets to a Satisfactory Condition") as the Gross Replacement Cost of Assets in Categories 4 and 5.
2. The "Estimated Cost of bringing assets to a Satisfactory Condition", as reported by other Councils, is on average **only 28% of the Gross Replacement Cost of Assets classed by those Councils as being in Category 4 and 5**.

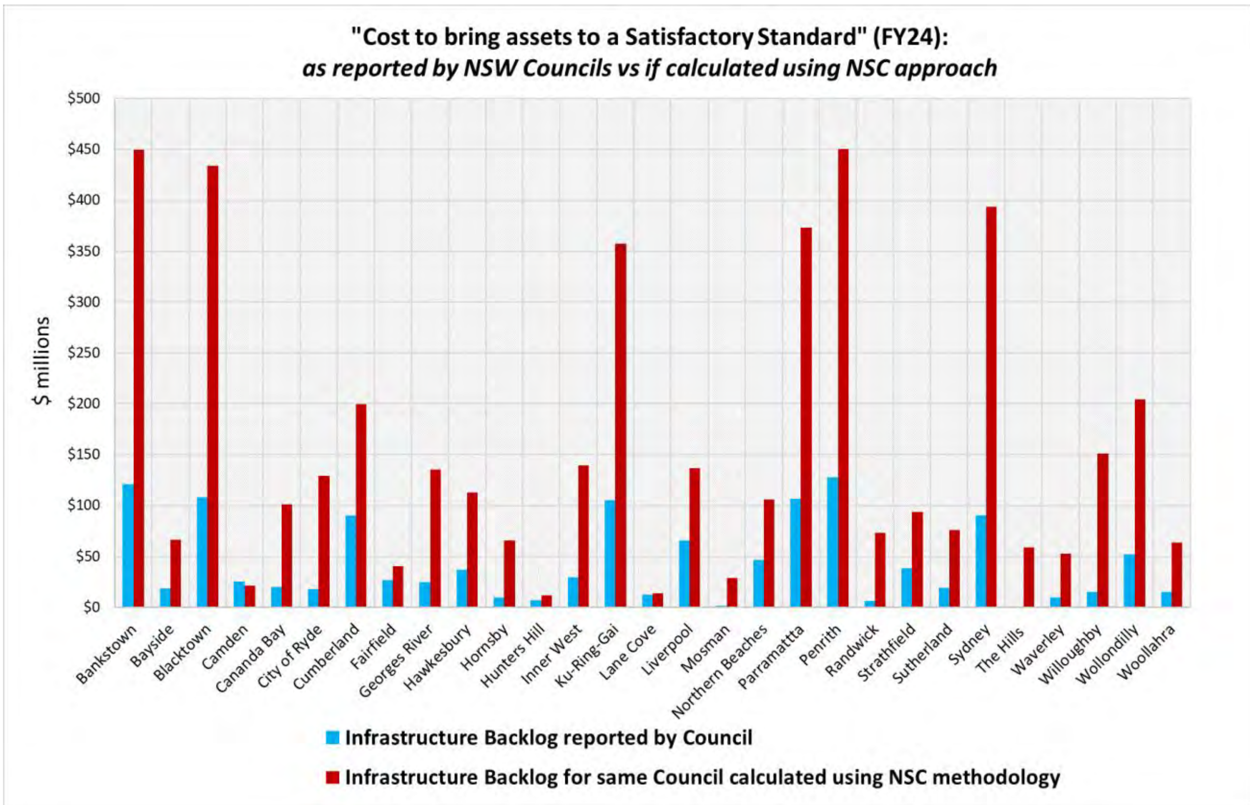
[4] NSC's 2025-26 Application Part A (excel) submitted to IPART, worksheet entitled, "WS11-Ratios".
[5] Each Council's audited financial statements contain a Report on Infrastructure Assets, that specify the proportion of assets in each Category/Condition (as a % of total Gross Replacement Cost), the Gross Replacement Cost of all assets, the "estimated cost of bringing assets to a satisfactory condition", and net carrying amount of assets. The last two mentioned components are used in the calculation of the Infrastructure Backlog Ratio.

3. **NSC's approach, on average and based on the surveyed Councils, inflates the backlog by 3.62 times**.
4. Based on the surveyed Councils**, if those other Councils were to adopt NSC's approach, those ratepayers would face an additional cost of $3.3 billion (from the current cost of $1.2 billion, to an inflated cost of $4.5 billion).** If NSC's approach were to be endorsed, it would set a precedent for other councils in NSW to adopt a similar methodology to justify significant rate increases, to the detriment of communities across the state.

Figure 2 illustrates the amplification effect of NSC's approach. It shows the Infrastructure Backlog, or the "Estimated cost to bring assets to a satisfactory standard" reported by the surveyed Councils in their Audited Financial Statements for FY24, compared to what those figures would be if those Councils were to use NSC's methodology (i.e. the Gross Replacement Cost of Category 4 and 5 Assets). [6]

Data underlying Figure 2 and the conclusions presented in this section can be made available to IPART upon request.

Figure 2: Cost to Bring assets to a Satisfactory Standard – FY24 figures reported by NSW Councils vs figures calculated using NSC's methodology



Source: Councils Audited Financial Statements for FY24, Report on Infrastructure Assets

The table in Figure 3 shows:

1. The aggregate, over all Councils excluding NSC, of the "estimated cost to bring assets to a satisfactory standard" **as reported by each Council** (which represents the Infrastructure Backlog figure used as the numerator of the Infrastructure Backlog Ratio);
2. The aggregate, over all Councils excluding NSC, of the "estimated cost to bring assets to a satisfactory standard" **if calculated using NSC's approach (i.e. Gross Replacement Cost of Category 4 and 5 Assets)**;

[6] As per footnote 5.

3. The difference in (1) and (2), representing the potential additional cost to those ratepayers if those Councils were to use NSC's methodology to justify excessive rate increases; and
4. The **infrastructure backlog amplification effect** of NSC's methodology.

Figure 3: Infrastructure backlog amplification effect of NSC's methodology

Estimated Cost to Bring Assets to a Satisfactory Standard as at 30 June 2024	
1. As reported by Councils *Aggregated across all 29 Councils*	$1.245 billion
2. Calculated using NSC's methodology *Aggregated across all 29 Councils*	$4.510 billion
3. Difference *(2) minus (1)*	**$3.265 billion**
4. NSC methodology amplification effect *(2) divided by (1)*	**3.62**

Source: Councils Audited Financial Statements for FY24, Report on Infrastructure Assets

c) Flawed logic underpinning NSC's methodology

Gross Replacement Cost is the cost of replacing an asset in its entire form with its modern equivalent. While it is possible that assets in Condition 5 may require complete replacement, it is unlikely that all of Assets in Conditions 5, and Condition 4, would require complete replacement. Therefore, NSC's approach is likely to overstate the true cost of bringing the assets to a "satisfactory" condition.

Further, in its FY24 Financial Statement, NSC classifies 20% of its building assets being in Condition 4 and 5. Does this mean that NSC has calculated the cost of bringing these assets to a satisfactory standard, as being the like-for-like replacement value for the entire structures (rather than just the cost of fixing the part that is in poor condition)? If so, this would certainly inflate the calculation.

There are also a range of inconsistencies in justifications. NSC claims in its Asset Management Strategy,

> *"... where Councils haven't developed an 'agreed' level of service, a standard of 'good' (category 2) should be used for the 'Estimated cost to bring to satisfactory condition'. This would mean including within our backlog figures category 3, 4 and 5 assets. North Sydney Council has not undertaken the exercise with the community to determine the 'agreed level of service'. However, Council did not think it was reasonable to inflate the backlog to this extent.* ***Instead, Council has opted to use the standard of 'satisfactory/fair' (category 3) as the condition to aspire to, rather than 'good' (category 2).*** *"*[7]

These statements are misleading. NSC has calculated the "Estimated cost to bring assets to a satisfactory condition" as the gross replacement cost of Assets in Conditions 4 and 5. Gross replacement, by definition, means completely replacing the asset.

It is illogical to suggest that an asset that has been replaced with a modern equivalent (in this case ALL category 4 and 5 assets), would fall under a "satisfactory" condition. It is reasonable to conclude that replacement of an asset would mean that the new asset would fall in Category 1 or perhaps 2.

Further, in NSC's Asset Management Strategy (table on pages 29-30), NSC reports the estimated cost to bring assets to a "good" condition as $560 million. This figure consists of the Gross Replacement

[7] NSC Asset Management Strategy 2025-2035, page 29.

Cost of Category 3 assets ($414 million) plus the same $146 million allocated to Category 4 and 5 assets.[8]

This presents a clear inconsistency. In one instance, NSC asserts that the $146 million is intended to upgrade Category 4 and 5 assets only to a "satisfactory" level. Yet, in the other, the same cost is included in the estimate for achieving a "good" standard. This contradiction raises questions about the accuracy and consistency of NSC's reporting.

Key points – Inflated infrastructure backlog

NSC failed to disclose, in its FY24 Financial Statements and SRV documents, a change in methodology for calculating the estimated costs to bring assets to a satisfactory condition, despite this change having the effect of increasing the infrastructure backlog figure by $100 million, and artificially worsening the FY24 Infrastructure Backlog Ratio. Using the previous methodology, the Infrastructure Backlog would have been $46 million. This lack of disclosure is inconsistent with the principles of good governance and raises concerns about the integrity of NSC's financial reporting.

A comparative analysis of 29 other NSW councils reveals that no other council applies the methodology used by NSC. **If NSC's approach were to be adopted by these councils, their reported infrastructure backlog figures would, on average, increase by 3.62 times. Endorsing NSC's approach could set a precedent for other Councils to justify excessive SRVs, potentially imposing an additional $3.3 billion in costs on those ratepayers.**

NSC has also misrepresented the effect of its methodology, asserting that calculating the "cost of bringing assets to a satisfactory standard" as the Gross Replacement Cost of Assets in Categories 4 and 5, represents the cost of bringing those assets to Category 3. This is illogical – as Gross Replacement Cost suggests complete renewal of the asset and therefore would bring an asset to Category 1 or 2. These inconsistencies raise questions about the veracity of NSC's figures.

These findings support the conclusion that the NSC's methodology overstates the Infrastructure Backlog and that the need for the additional revenue being sought by NSC has not been adequately justified.

2.2 Informing strategies – Need not supported by 80% of respondents

Based on the figures provided in NSC's Application Part A (excel), WS8- Expenditure Program, NSC intends to allocate $69 million to "Informing Strategies" and a further $98 million to "Informing Strategies – Infrastructure". This equates to proposed expenditure of $167 million over a 10-year period on new projects that form part of the "Informing Strategies".

The purported need for this funding has not been adequately demonstrated, as explained below.

Community consultation on the SRV shows that nearly 80% of 792 survey respondents opposed funding the extra projects arising from the Informing Strategies. When a specific question was asked in the NSC SRV survey as to whether a respondent was willing to pay for them, nearly 80% responded with a "no".[9] In addition, the SRV survey had presented 4 SRV rate path options, with 3 of those options including some or all of the Informing Strategies. Only 20% of respondents indicated a

[8] IN NSC's FY24 Financial Statements (page 84), Category 3 assets are reported as 26.3% of Gross Replacement Cost of total assets, and Category 4 and 5 assets are reported as 9.3% of Gross Replacement Cost of total assets. Based on Gross Replacement Cost of total assets of $1.575 billion, Gross Replacement Cost of Category 3 assets is $414 million, and for categories 4 and 5 assets, $146 million.

[9] Morrison Low, Community Engagement Outcomes Report, January 2025, page 18.

preference for an option that included some or all of the Informing Strategies. Further, 245 submissions were received by email[10], and most of these opposed the SRV and objected to spending on non-essentials, including the new projects arising under the Informing Strategies.[11]

Despite this feedback, NSC continues to push for increased spending on the Informing Strategies, claiming they reflect community priorities. However, this assertion is based on feedback from a consultation process on the Informing Strategies conducted between 12 May 2024 and 23 June 2024—during which NSC failed to disclose that an SRV would be required to fund these new projects.

In other words, NSC sought community input on potential new projects without informing residents that additional rates would be needed to pay for them. Now, just months later, they insist these projects represent the community's priorities and that residents must foot the bill.

This would be akin to purchasing a flight on-line and in the process being asked if you would like to upgrade to a seat with extra-leg room, add extra baggage, or book in a meal – with these extras being presented as complimentary, and after selecting "yes" and hitting "pay" being charged an additional cost for those extras that were not disclosed upfront. Such practice is prohibited conduct under Australian Consumer Law.

In NSC's SRV FAQ on "*Why is Council looking at increasing services at this time when the council is claiming to need more funds*?", NSC states,

> *"In making an informed contribution to the consultation process, it is important that you read the draft Informing Strategies to understand the reason for the various initiatives, projects, plans and infrastructure included. When we realise the cost of our aspirations, we find ourselves at a decision point. Can we generate sufficient funds to realise these aspirations,* ***or do we have to make some adjustments to our expectations?***
>
> ***Through the SRV process, we are consulting the community as to whether the priorities developed through our engagement are important when considering the cost.*** *Special Rate Variation options 2 and 3 include funding required to deliver the expanded services, initiatives, plans, and new and upgraded infrastructure identified through the Next Ten Years engagement."*[12]

NSC's actions are inconsistent with its words. The community consultation has clearly demonstrated that, now with awareness of the cost, the additional projects arising from the Informing Strategies are rejected. But yet, NSC has not made any "adjustments" to its expectations, and continues to pursue them.

NSC also cites, as a reason for the Informing Strategies, the feedback received from a workshop on the SRV comprising a "demographically selected group" of 42 individuals. However, this process was subject to selection bias - these participants were "*a pool of residents who had previously been engaged during consultation to develop the Informing Strategies*" in a range of workshops held during May and June 2024.[13] It is therefore not surprising that most of the "demographically selected" participants supported the Informing Strategies.

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[10] 10 February 2025 Council Meeting Agenda, page 8. https://www.northsydney.nsw.gov.au/council-meetings/271/10-02-2025-council-meeting

[11] Item 10.3, Attachment 10.3.7 SRV Verbatim Submissions and Responses, NSC Council Meeting 10 February 2025 (Able to be accessed at the link provided under footnote 10).

[12] https://yoursay.northsydney.nsw.gov.au/srv/widgets/451997/faqs#117199

[13] Morrison Low, Community Engagement Outcomes Report, January 2025, page 20.

Further, the demographically selected group consisted of just 42 individuals—an inadequate sample size for a population of 60,000+ residents of age 18 years or older.[14]

Key points – Informing Strategies
The new projects that form part of the Informing Strategies - when presented with full cost disclosure, were not supported by approximately 80% of 792 SRV survey respondents. Most of the 245 written submissions on the SRV expressed concerns around non-essential spending. The need for $167 million over 10 years to fund these new projects has therefore not been demonstrated. A more transparent and community-driven approach would be to remove Informing Strategies funding from the SRV and for NSC to instead spend the next 12 months working with residents to prioritise current and potential new projects. Now that the community is fully aware of the costs involved, they will be in a better position to provide informed feedback. NSC could then, if necessary, apply for a more limited SRV to fund only those new Informing Strategies that have been genuinely agreed upon with the community.

2.3 Unrestricted reserves of $97 million by 2034/35 – Need not demonstrated

NSC's Application Part A (excel) WS10-LTFP, submitted to IPART, reveals that $147 million of the funds raised by the SRV is expected to be allocated to unrestricted reserves (also represented in WS10-LTFP as "Purchases of Investment Securities"). **As a result, unrestricted reserves are projected to reach $97 million by FY35.**[15]

Unrestricted reserves represent the amount of funds remaining <u>after</u> accounting for internally restricted funds (which NSC quantifies as $15.3 million in FY35, inclusive of employee leave entitlements, deposits retentions and bonds) and externally restricted funds (which NSC quantifies as $188 million in FY35). The three categories, presented as separate lines, are clearly seen in the Cashflow Statements in NSC's Application Part A (excel), WS10 – LTFP.

a) Lack of transparency in documentation provided to the community

The amount of SRV funding allocated to unrestricted reserves, was not disclosed to the community in the material publicly exhibited by NSC during the consultation process, nor in the strategies or documents adopted by NSC on 10 February 2025. This raises serious concerns about transparency and discussed further in Section 3 of this submission.

b) Lack of justification for $97 million of unrestricted reserves by FY35

As mentioned, unrestricted reserves are forecast to reach $97 million by FY35 with the SRV, with a total contribution of $147 million of SRV revenue being allocated to unrestricted reserves over the 10-year period, based on WS10-LTFP data.

According to NSC's WS8-Expenditure Program, $67 million over 10 years is being allocated to "*Rebuilding internal reserves to improve liquidity and make it financially sustainable*" and $14 million

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[14] ABS Data reports for 2023, a population for North Sydney LGA comprising 60,963 residents age 20 or over, and 2,339 residents between ages 15-19.

[15] Table 10.1(b) in worksheet WS10-LTFP, cell T160, shows unrestricted reserves of $97 million by Year 10. $147 million is calculated as the difference, in Year 10, between unrestricted reserves reported for the SRV scenario (Table 10.1(b), row 160) and for the base case (Table 10.2(b), row 306). $147 million is also equal to the difference between Purchases of Investment Securities reported for the SRV scenario (Table 10.1(b), row 106), and for the Base Case (Table 10.2(b), row 252), summed over the 10 year period.

to *"Addressing the financial deficit to sustain current council operations"*. Together, these sum to $81 million being allocated towards reserves.

The discrepancy between the $81 million reported in WS8-Expenditure Program and the $147 million as derived from WS10-LTFP, is likely due to NSC presenting $47 million as attributable to the North Sydney Olympic Pool (NSOP) in WS8-Expenditure Program ($47 million being the sum of principal and interest repayments over 10 years). The remaining variance is likely due to differences in interest and investment income under the SRV and base scenarios.

Even if we accept NSC's allocation of $81 million of SRV funding to unrestricted reserves and categorisation of $47 million being allocated to the NSOP, a key question remains: why does NSC need to amass $97 million in unrestricted internal reserves by FY35?

To analyse the reasonableness of the $97 million target, an analysis has been undertaken to compare NSC's target against the following –

i. FY35 unrestricted reserves targeted by Councils applying for an SRV for 2025/26;
ii. Unrestricted reserves held by other Councils; and
iii. NSC's historical levels of unrestricted reserves.

i. FY35 unrestricted reserves targeted by other Councils applying for an SRV for 2025/26

The other 5 Councils that have lodged a 2025/26 SRV application to IPART report the following forecast unrestricted reserves (exclusive of externally and internally restricted reserves) for Year 10 in their "2025-26 Part A Application Form (excel), WS10-LTFP" (refer to Figure 4):

Figure 4: Unrestricted reserves target for Year 10 (Councils applying for SRV)

Council that has applied for an SRV for 205/26	Forecast unrestricted reserves by Yr 10
North Sydney Council	$97 million
Northern Beaches	$41.2 million
Gunnedah	$3.5 million
Upper Hunter Shire	$6.3 million
Federation	-$0.32 million
Shoalhaven	$15 million

Source: Table 10.1(b) Cashflow statement for each Council WS10-LTFP Application Part A

Excluding NSC, the average forecast unrestricted reserves for these Councils is $13 million. NSC's target unrestricted reserves is nearly **7.5 times** the amount these other Councils are seeking. When excluding Northern Beaches Council, the average is $6 million, which makes NSC's $97 million seem even more excessive and disproportionately large by comparison.

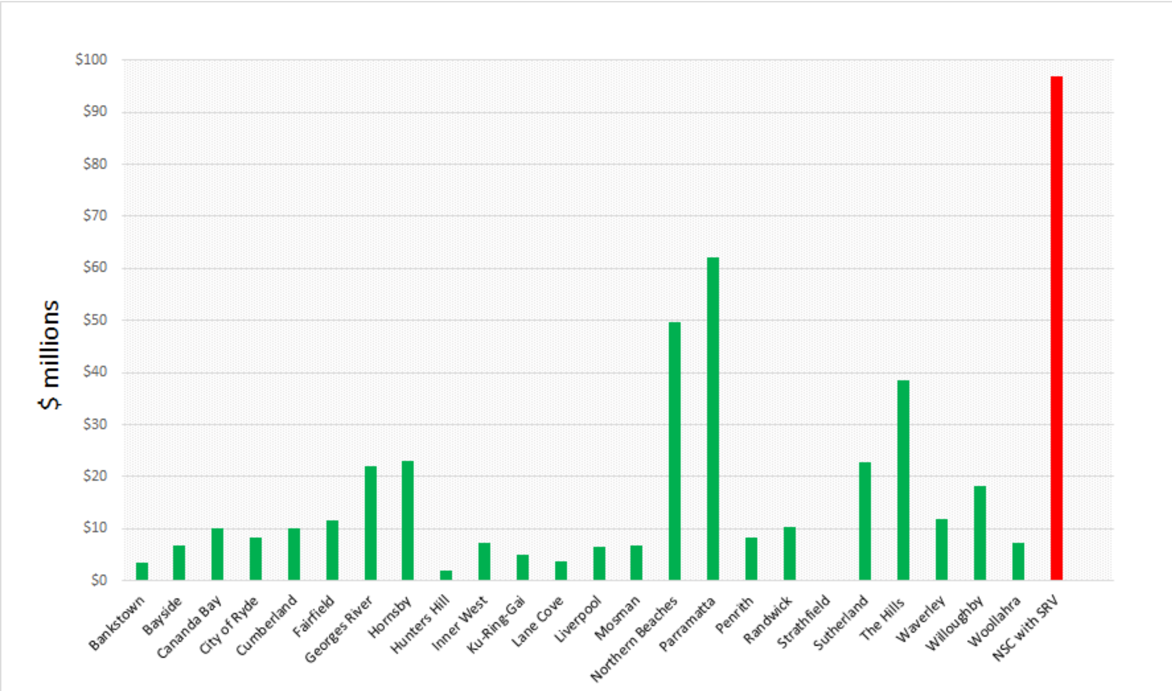
ii. Comparative analysis

Figure 5 shows the unrestricted reserves reported by a range of Councils for FY24, compared with NSC's FY35 target. These figures are exclusive of (or additional to) internally and externally restricted reserves.

The average unrestricted reserves for FY24 for the Councils surveyed is **$14.8 million**. NSC's target unrestricted reserves is nearly **6.5 times** this average.

Even if discounting were applied to NSC's FY35 figure (at 3% per year), $97 million (FY35 dollars) discounted over 10 years would be equivalent to $72.2 million, which is still significantly higher than the surveyed Council average.

Figure 5: North Sydney Council's targeted unrestricted reserves compared to other Councils

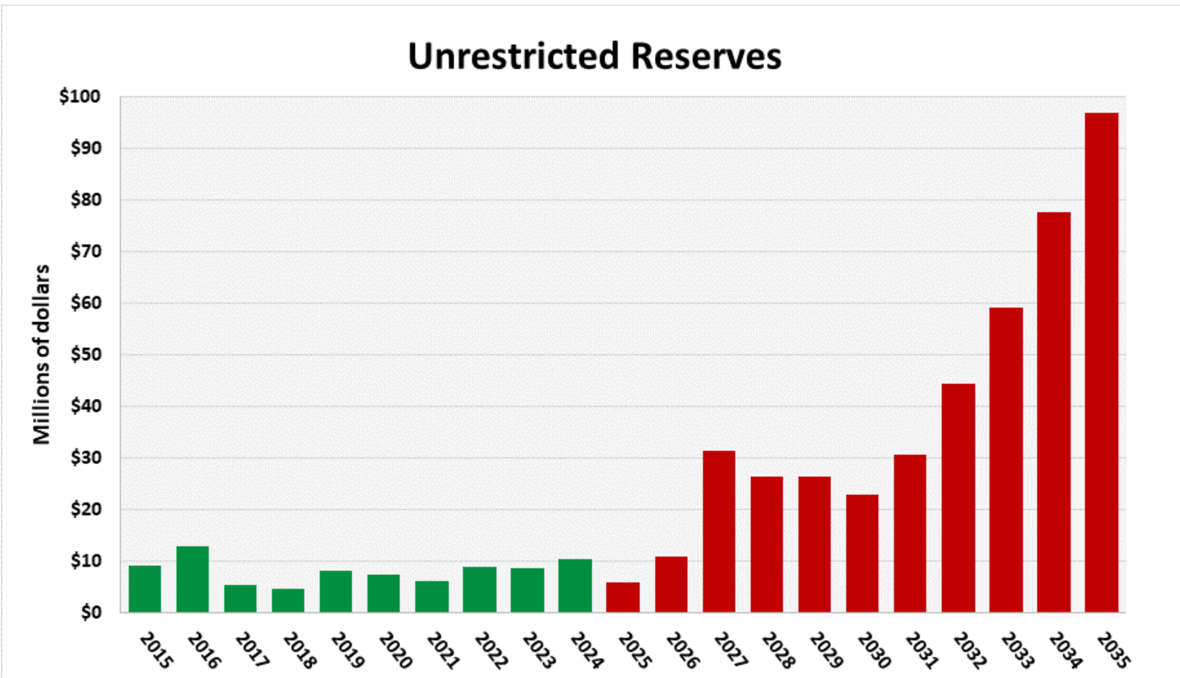


Source: Data reported in C1-3 for the respective Council in its FY 24 Financial Statement

iii. Comparison against NSC's historical levels of unrestricted reserves

Figure 6 shows NSC's historical unrestricted reserves, sourced from its annual financial statements, and the level of unrestricted reserves it is projecting to accumulate over 10 years with the SRV.

Figure 6: Unrestricted Reserves (NSC) – historical and projected under SRV scenario



Source: NSC Annual Financial Statements section C1-3

Figure 6 shows that the level of unrestricted reserves being targeted by NSC is significantly higher than levels it has maintained historically.

Evaluation

It is unclear as to why NSC needs to have $97 million of unrestricted reserves by FY35, given that this is the amount remaining after accounting for internally restricted reserves (to cover employee leave entitlements, deposits, retentions and bonds), externally restricted reserves, as well as other budgeted expenditures and investments (infrastructure maintenance/renewal, employee expenses, materials and contracts etc.)

While it is possible that such a stockpiling of funds could be reflective of a strategy to build "financial sustainability", excessive reserves can diminish transparency and accountability, by functioning as safety-net for project cost blow-outs or poor financial decisions. Excessive reserves can also enable discretionary spending on politically motivated projects, or electoral cycle-driven expenditure, that may not truly be of net benefit to the community.

These concerns are heightened given the recent North Sydney Olympic Pool cost blowout (and other past incidents like the "accidental" demolition of 5 heritage bus shelters in late 2022 which cost the community $300,000[16]).

While maintaining some level of restricted reserves would seem prudent, $97 million seems excessive. The average unrestricted reserves across the Councils surveyed for FY24 is $14.8 million. A FY35 target for NSC in the range of $15 to $20 million would seem more reasonable.

Key points – Unrestricted Reserves

Maintaining some level of unrestricted reserves is supported, but a comparative assessment against other councils and NSC's own historical unrestricted reserves suggests that NSC's **target of $97 million in unrestricted reserves by Year 10 (which is in addition to internally and externally restricted reserves of $203 million) is excessive, inconsistent with industry standards, and lacks justification**.

While NSC argues that this level of reserves is necessary for "financial resilience", an excessive level of reserves can reduce transparency and weaken financial discipline, by functioning as a safety-net for, or masking, project cost overruns or poor financial decisions. If reserves are excessive there is also a greater risk that funds can be diverted into politically motivated projects, rather than essential community services.

Based on the analysis undertaken, unrestricted reserves in the range of $15-$20 million would seem more reasonable, more in line with industry standard, and address the risks mentioned above.

As outlined in Section 3 of this submission, also significantly concerning is the lack of disclosure in both the SRV consultation documents and relevant Council papers regarding the actual dollar amount of SRV funding being allocated to unrestricted reserves over the forecast horizon. **Without this critical information, it would have been impossible for the community to understood the true purpose of a material portion of the SRV funding.**

[16] https://northsidelivingnews.com.au/bus-shelter-mystery-a-300000-mistake/

2.4 Attribution of the SRV to the North Sydney Olympic Pool redevelopment project

The North Sydney Olympic Pool (NSOP) redevelopment project does not justify an SRV of the scale being proposed. This is despite a range of NSC communications that seem to convey the message that the NSOP project and its cost overruns—attributed by the current Council to decisions made by a former Council and its leadership team —are a primary driver of the SRV.

For example, in the NSC SRV Fact Sheet, under "Why does North Sydney need to consider an SRV?", NSC cites as the very first factor in the list, the NSOP redevelopment.

Page 2 of the SRV Fact Sheet asserts,

> "*Addressing these financial challenges will require difficult decisions to be made in order to repair the impacts of more than a decade of chaos and neglect by former councils……The legacy of poor decisions made about the North Sydney Olympic Pool redevelopment has created financial pressures that we cannot ignore*".

Similarly, the introduction to NSC's Long-Term Financial Plan identifies as its first factor:

> "*Regrettably, Council's current financial position will not support the level of service and infrastructure enjoyed by the community in past decades. The costs associated with the North Sydney Olympic Pool Redevelopment Project have placed significant pressure on Council's reserves and infrastructure renewals. Ongoing operating costs, including the repayment of over $51 million in debt will result in ongoing operating deficits*."

This framing has been reinforced by media coverage, including:

- ABC News: North Sydney Council eyes rate rise due to Olympic Pool upgrade blowout
- News.com.au: Shocking—North Sydney Council to vote on 111% rate hikes to pay for botched pool redevelopment
- 9News: North Sydney Councillors vote for 87% rates rise

While the NSOP project has undoubtedly contributed to financial pressure, its role in driving the 87% SRV appears overstated.

The current estimated cost of the pool is $122 million. The adopted budget for the pool is $63 million which includes $15 million of Federal and State Government Funding. (It is also noted that this budget should not be retroactively framed as having "drained reserves" - if historical expenditures are selectively labelled as depleting reserves, any past project could be used to justify an SRV). A cost-overrun of $59 million would only represent about 10%-11% of the total SRV funding raised over 10 years. Further it is clear that SRV funding is being allocated to a range of components completely unrelated to the NSOP (e.g. $167 million to Informing Strategies, $100 million arising from a definitional change to the Infrastructure Backlog calculation, and $81 million to unrestricted reserves etc). Therefore, the 87.05% SRV cannot be justified by just the NSOP project.

Alternative Approach to Cost Recovery

An SRV—which is permanent and compounds in perpetuity— does not seem to be an appropriate mechanism for recovering the cost of the NSOP cost overrun. A separate and time-limited levy would provide a fairer and more transparent method of cost recovery, ensuring that ratepayers are not burdened with ongoing, compounding rate increases for costs that should be managed within a defined timeframe.

2.5 No mention of the possible need for an SRV in any quarterly budget review statement prior to 25 November 2024

The Local Government (General) Regulation 2001, requires Council to produce quarterly budget review statements, **and if the financial position is assessed to be unsatisfactory, to provide "*recommendations for remedial action*"** (203(2)(b)).

No quarterly budget review statement prior to 25 November 2024 (which was when the SRV proposal was first announced) mentioned that an SRV might be required. This is despite many of NSC's cited reasons for the SRV (North Sydney Olympic Pool draining internal reserves, infrastructure backlog, reduction in user revenue etc.) already being known / apparent for many years.

This raises doubts over the veracity of NSC's claims that the proposed SRV is really needed.

3. Criteria 2 – Community is aware of the need for and extent of a rate rise

While NSC has issued communications regarding the rate rise and there is awareness of the proposed SRV, the community has not been given complete information regarding the need or intended purpose of the funds.

Lack of disclosure to the community of plan to build $97 million in unrestricted reserves by FY35

Key NSC documents (including those exhibited between 27 November 2024 to 10 January 2025) are not transparent about the intention to stockpile $97 million in unrestricted reserves by FY35 (with $81 million of SRV funds allocated to this stockpile). It is only through analysing the data provided by NSC in Application Part A (excel) that NSC was required to submit to IPART, that the allocation to unrestricted reserves becomes visible. As previously noted, **$97 million is the amount of "spare cash" remaining after accounting for internally restricted reserves of $15 million, and externally restricted reserves of $188 million, in FY35.**

3.1 Long-Term Financial Plan – Cash Flow Statement misleads

The omission is most flagrant in the **Long-Term financial plan (PDF)**[17] presented to the community, which was endorsed by 7 of 10 Councillors at the Council meeting on 10 February 2025. While this document mentions in general terms that there is a focus towards building unrestricted reserves, there is no specification of how much is actually being allocated towards unrestricted reserves under each "modelled" SRV Scenario.

Specifically, in the various Cash Flow statements under each "modelled" SRV scenario:

- Against the heading, ***Purchases of Investment Securities***, the entries are NULL, misleading the reader to believe the figures are zero. However, *Purchases of Investment Securities* are a significant factor, as they contribute to the calculation of Unrestricted Reserves. Specifically, *Purchases of Investment Securities* are added to the previous year's *Investment – End of Year* figures to determine the current year's *Investment – End of Year* value. This, in turn, impacts the *Cash, Cash Equivalents & Investment – End of Year* total, which comprises **Externally restricted, Internally Restricted, and Unrestricted Reserves. Refer to Figure 7.**
- There is no line item showing "**Unrestricted Reserves**". **Refer to Figure 8**.
- There is no line item showing "**Internally Restricted Reserves**". **Refer to Figure 8**.

[17] Available on IPART website: https://www.ipart.nsw.gov.au/documents/document/north-sydney-council-attachment-other-attachment-attachment-1-long-term-financial-plan-2025-2035

Further, in the explanation of Revised Option 2A on page 32 of the Long-Term Financial Plan, there is no mention of funds going towards unrestricted reserves. **Refer to Figure 9**.

It is only when reviewing Application Part A WS10 – LTFP, submitted by NSC to IPART, which has required NSC to provide more details, that the true allocation of expenditure can be understood. **Refer to Figure 10.**

This omission of this important information in the Long-Term Financial Plan obfuscates the intended use of SRV funds and makes it <u>impossible</u> for the community to understand where the funds are actually going.

Even if "*Cash, Cash Equivalents and Investments excluding externally restricted funds*" (as shown in the cashflow statements in the Long-Term Financial Plan) were to be interpreted as representing a portion of internal reserves, it would have been **impossible** to ascertain what portion represents internally restricted reserves vs unrestricted reserves.

Figure 7: Long-Term Financial Plan: Cashflow statement for Revised Option 2A – Zero Purchase of Investment Securities

Attachment 10.3.3

Table 15: Option 2A - Cashflow Statement

	2024/25 ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/34 ($'000)	2034/35 ($'000)
CASH FLOWS FROM INVESTING ACTIVITIES Receipts											
Rates	61,383	90,741	116,826	120,809	124,926	129,182	133,580	138,126	142,824	147,680	152,698
Annual Charges	18,016	18,556	19,113	19,686	20,277	20,885	21,512	22,157	22,822	23,506	24,211
User Charges & Fees	33,803	41,394	43,726	46,108	47,722	49,392	51,121	52,910	54,762	56,679	58,662
Investment & Interest Revenue Received	3,165	3,912	4,828	5,583	5,938	6,302	6,824	7,707	8,736	9,866	11,093
Grants & Contributions	12,471	12,546	12,623	12,701	12,779	12,860	12,941	13,023	13,107	13,192	13,278
Bonds & Deposits Received	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950	3,950
Other	16,179	17,518	18,131	18,765	19,422	20,102	20,806	21,534	22,287	23,067	23,875
Payments											
Employee Benefits & On-Costs	(54,406)	(61,093)	(63,877)	(66,435)	(69,259)	(72,202)	(75,271)	(78,470)	(81,805)	(85,282)	(88,906)
Materials & Contracts	(53,986)	(60,690)	(65,896)	(67,769)	(69,526)	(71,832)	(71,917)	(73,668)	(75,954)	(78,155)	(80,435)
Borrowing Costs	(2,511)	(2,722)	(2,500)	(2,266)	(2,036)	(1,832)	(1,612)	(1,381)	(1,140)	(885)	(567)
Bonds & Deposits Refunded	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)	(3,950)
Other	(4,783)	(4,926)	(5,074)	(5,227)	(5,383)	(5,545)	(5,711)	(5,882)	(6,059)	(6,241)	(6,428)
Net Cash provided (or used in) Operating Activities	**29,331**	**55,235**	**77,900**	**81,956**	**84,861**	**87,311**	**92,272**	**96,054**	**99,580**	**103,428**	**107,382**
CASH FLOWS FROM INVESTING ACTIVITIES Receipts											
Sale of Investment Securities											
Redemption of Term Deposits											
Sale of Infrastructure, Property, Plant & Equipment											
Payments											
Purchase of Investment Securities											
Purchase of Investment Property											
Purchase of Infrastructure, Property, Plant & Equipment	(92,444)	(34,408)	(41,055)	(70,236)	(68,577)	(74,377)	(67,874)	(64,939)	(67,382)	(66,740)	(71,311)
Contributions paid to joint ventures and associates	-	-	-	-	—	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(92,444)	(34,408)	(41,055)	(70,236)	(68,577)	(74,377)	(67,874)	(64,939)	(67,382)	(66,740)	(71,311)

Null entries in the cashflow statement in the Long-Term Financial Plan mislead the reader to think that there are zero Purchases of Investment Securities.

In contrast, NSC Application Part A submitted to IPART shows that $210 million of Purchases of Investment Securities are planned under the SRV scenario over 10 years, resulting in $97 million unrestricted reserves by FY35- refer to Figure 10 of this submission.

Adopted by NSC on 10 February 2025

Figure 8: Long-Term Financial Plan: Cashflow Statement for Revised Option 2A – No Unrestricted Reserves line item

Attachment 10.3.3

	2024/25 ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/3 4 ($'000)	2034/35 ($'000)
CASH FLOWS FROM FINANCING ACTIVITIES Receipts											
Proceeds from Borrowings & Advances	30,000										
Payments											
Repayment of Borrowings & Advances	(3,056)	(4,580)	(4,799)	(5,029)	(4,392)	(4,310)	(4,525)	(4,752)	(4,989)	(5,239)	(3,879)
Repayment of lease liabilities (principal repayments)	(303)	(303)	(303)	(303)	(303)	(303)	(303)	(303)	(303)	(303)	(303)
Net Cash Flow provided (used in) Financing Activities	26,641	(4,883)	(5,102)	(5,332)	(4,695)	(4,613)	(4,828)	(5,055)	(5,292)	(5,542)	(4,182)
Net Increase/(Decrease) in Cash & Cash Equivalents	(36,472)	15,944	31,637	6,389	11,589	8,320	19,570	26,061	26,906	31,146	31,889
plus: Cash & Cash Equivalents – beginning of year	22,849	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Cash & Cash Equivalents – end of the year	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Investments – end of the year	69,278	85,222	116,965	123,354	134,943	143,263	162,833	188,893	215,799	246,945	278,834
Cash, Cash Equivalents & Investments – end of the year	90,278	106,222	137,965	144,354	155,943	164,263	183,833	209,893	236,799	267,945	299,834
Externally restricted funds	69,099	80,129	91,340	102,734	114,311	126,074	138,022	150,157	162,481	174993	187,697
Cash, Cash Equivalents & Investments excluding externally restricted funds	21,179	26,094	46,625	41,620	41,632	38,189	45,811	59,736	74,318	92,951	112,137

Adopted by NSC on 10 February 2025

No line showing **unrestricted reserves**, reducing transparency. Also no line showing **internally restricted reserves**.

Based on this information**, it would have been impossible for the community to understand how much is actually being allocated to unrestricted reserves.** People may have been misled to believe that the $112 million (shown against FY 35 "*Cash, Cash Equivalents and Investments excluding externally restricted funds*") represents the totality of **internally restricted funds** (that have to be set aside for items such as employee leave entitlement, deposits, retentions and bonds), and that there are ZERO unrestricted reserves. This misleading message would have been reinforced by the NULL entries against Purchases of Investment Securities shown in Figure 7.

Unrestricted reserves and internally restricted reserves are only disclosed by NSC in its information provided to IPART (Application Part A) – refer to Figure 10 of this submission.

Figure 9: Long-Term Financial Plan: Unrestricted reserves accumulation not mentioned in Revised Option 2A overview

Attachment 10.3.3

REVISED OPTION 2A (recommended option)

This option is future focused, and includes improvement of Council's financial position, along with funding for planning and delivery of new and upgraded infrastructure and increases to services and initiatives to achieve the desired outcomes within the Ten-year Informing Strategies, including governance improvements. This option includes:

- Rates revenue is increased by 45% in the first year, 29% in the second year and rate peg for future years.
- From year 3, rate revenue is increased in line with rate peg.
- 'Minimum Residential Rates' are increased to $1,200 per annum, with the ad valorem rate adjusted to achieve the permissible income based upon the above increases.
- 'Minimum Business Rates' are increased to $1,400 per annum, with the ad valorem rate adjusted to achieve the permissible income based upon the above increases.
- Initiatives outlined in the Informing Strategies are included.
- Internal borrowings are repaid.
- Additional borrowings of $10 million are secured in the 2024/25 financial year.
- 80% infrastructure renewal rate and critical backlog in years 1 and 2.
- 100% Infrastructure renewal from Years 3 to 10, to bring infrastructure to a 'satisfactory' condition over a ten-year period.
- Level 3 infrastructure backlog (asset conditions 4 and 5) is reduced by $15m per year.

Lack of disclosure of intention to build up $97m of unrestricted reserves by FY35 using SRV revenue

Under this option, the average ordinary rates would be as follows:

Financial Year	Average residential rate
Year 1	$1,460
Year 2	$1,884
Year 3	$1,940

Financial Year	Average business rate
Year 1	$10,247
Year 2	$13,219
Year 3	$13,616

Table 13. Option 2A: Financial Performance Indicators (45%, 29%)

Indicator	Benchmark	2025/26	2026/27	2027/28	2028/29	2029/30	2031/32	2032/33	2033/34	2034/35	2035/36
Operating performance ratio	>0%	8.27%	17.51%	17.82%	17.70%	17.29%	18.07%	18.36%	18.48%	18.72%	18.89%
Own source operating revenue ratio	>60%	93.19%	94.14%	94.32%	94.47%	94.61%	94.76%	94.90%	95.05%	95.19%	95.32%
Unrestricted current ratio	>1.5	1.14	1.77	1.65	1.65	1.53	1.76	2.18	2.61	3.32	4.20
Debt service current ratio	>2	8.17	9.84	10.38	10.75	12.48	13.84	14.45	15.01	15.64	16.16
Cash expense cover ratio	> 3 months	7.84	8.71	10.97	11.19	11.70	12.07	13.10	14.46	15.78	17.42
Buildings and infrastructure renewal ratio	>100%	82%	94%	146%	142%	141%	140%	140%	140%	140%	139%
Infrastructure backlog ratio – condition 3	<2%	8.85%	8.82%	8.01%	6.61%	5.92%	5.22%	4.51%	3.78%	2.74%	2.02%
Infrastructure backlog ratio – condition 2	<2%	33.86%	34.48%	33.93%	30.52%	30.12%	29.84%	29.60%	29.34%	26.46%	26.21%
Asset maintenance ratio	>100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Adopted by NSC on 10 February 2025

Figure 10: NSC Application Part A (excel), WS10-LTFP, as provided by NSC to IPART

Table 10.1(b): Cashflow Statement - General fund- PROPOSED Special Variation and Minimum Rate Incre .

	Units	Year 0 2024-25	Year 1 2025-26	Year 2 2026-27	Year 3 2027-28	Year 4 2028-29	Year 5 2029-30	Year 6 2030-31	Year 7 2031-32	Year 8 2032-33	Year 9 2033-34	Year 10 2034-35
Cash flow from operating activities	**Units**											
Receipts:												
Rates & Annual Charges	$ nominal	79,398,302	109,297,086	135,939,043	140,495,546	145,203,095	150,066,650	155,091,336	160,282,443	165,645,434	171,185,950	176,909,817
User Charges & Fees	$ nominal	33,803,000	41,394,290	43,726,420	46,108,060	47,721,842	49,392,107	51,120,830	52,910,059	54,761,912	56,678,578	58,662,329
Interest & Investment Revenue Received	$ nominal	3,165,000	3,911,610	4,827,783	5,582,685	5,938,174	6,301,678	6,824,287	7,706,607	8,735,983	9,865,844	11,092,556
Grants & Contributions	$ nominal	12,471,000	12,546,405	12,622,941	12,700,625	12,779,475	12,859,507	12,940,739	13,023,190	13,106,878	13,191,821	13,278,039
Bonds & Deposits Received	$ nominal	3,950,000	3,950,000	3,950,000	3,950,000	3,950,000	3,950,000	3,950,000	3,950,0			
Other	$ nominal	16,179,000	17,517,725	18,130,845	18,765,425	19,422,215	20,101,992	20,805,562	21,533,75			
Payments:												
Employee Benefits & On-Costs	$ nominal	54,406,000	61,092,888	63,876,986	66,435,383	69,258,886	72,202,389	75,270,991	78,470,0			
Materials & Contracts	$ nominal	53,986,000	60,689,951	65,895,721	67,768,784	69,526,099	71,832,143	71,916,620	73,668,2			
Borrowing Costs	$ nominal	2,510,750	2,722,486	2,500,437	2,265,756	2,035,717	1,831,927	1,612,200	1,380,9			
Bonds & Deposits Refunded	$ nominal	3,950,000	3,950,000	3,950,000	3,950,000	3,950,000	3,950,000	3,950,000	3,950,0			
Other	$ nominal	4,783,000	4,926,490	5,074,285	5,226,513	5,383,309	5,544,808	5,711,152	5,882,4			
Net cash provided (or used in) operating activities	$ nominal	**29,330,552**	**55,235,301**	**77,899,604**	**81,955,906**	**84,860,789**	**87,310,668**	**92,271,791**	**96,054,3**			
Cashflow from investing activities												
Receipts:												
Sale of investment securities	$ nominal	34,622,957										
Sale of Infrastructure, Property, Plant & Equipment	$ nominal											
Sale of real estate assets	$ nominal											
Sale of investment properties	$ nominal											
<include additional items here>	$ nominal											
<include additional items here>	$ nominal											
<include additional items here>	$ nominal											
<include additional items here>	$ nominal											
Payments:												
Purchase of Investment Securities	$ nominal		15,944,193	31,742,845	6,388,509	11,589,182	8,320,223	19,569,603	26,060,544	26,905,585	31,146,101	31,889,186
Purchase of Investment Properties	$ nominal											
Purchase of Infrastructure, Property, Plant & Equipment	$ nominal	52,444,000	34,408,414	41,054,933	70,235,806	68,576,948	74,377,423	67,873,794	64,939,209	67,381,827	66,739,522	71,310,674
Purchase of real estate assets	$ nominal											
<include additional items here>	$ nominal											
<include additional items here>	$ nominal											
<include additional items here>	$ nominal											
<include additional items here>	$ nominal											
Net cash provided (or used in) investing activities	$ nominal	**-57,821,043**	**-50,352,607**	**-72,797,778**	**-76,624,315**	**-80,166,129**	**-82,697,646**	**-87,443,398**	**-90,999,753**	**-94**		

	Units	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash & cash equivalents - end of year		21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	2		
Investment - end of the year		69,278,043	85,222,236	116,965,081	123,353,590	134,942,771	143,262,994	162,832,597	188,893,142	21		
Cash, Cash Equivalents & Investment - end of year		90,278,043	106,222,236	137,965,081	144,353,590	155,942,771	164,262,994	183,832,597	209,893,142	23		
Representing												
- External Restrictions												
Developer Contributions, including Interest	$ nominal	46,371,462	56,304,804	66,387,026	76,618,128	86,998,110	97,526,972	108,204,715	119,031,337	13		
Specific Purpose Unexpended Grants	$ nominal	6,716,780	6,716,780	6,716,780	6,716,780	6,716,780	6,716,780	6,716,780	6,716,780			
Domestic Waste Management	$ nominal	15,188,000	16,283,996	17,412,873	18,575,615	19,773,240	21,006,794	22,277,354	23,586,031	2		
Mainstreet Levy	$ nominal	823,000	823,000	823,000	823,000	823,000	823,000	823,000	823,000			
<include additional items here>	$ nominal											
Total external restriction		69,099,242	80,128,581	91,339,679	102,733,524	114,311,131	126,073,546	138,021,849	150,157,148	16		
- Internal Restrictions												
Employees Leave Entitlement	$ nominal	7,127,000	7,127,000	7,127,000	7,127,000	7,127,000	7,127,000	7,127,000	7,127,000			
Deposits, Retentions & Bonds	$ nominal	8,137,000	8,137,000	8,137,000	8,137,000	8,137,000	8,137,000	8,137,000	8,137,000			
<include additional items here>	$ nominal											
<include additional items here>	$ nominal											
<include additional items here>	$ nominal											
<include additional items here>	$ nominal											
Total internal restrictions		15,264,000	15,264,000	15,264,000	15,264,000	15,264,000	15,264,000	15,264,000	15,264,000	15,264,000	15,264,000	15,264,000
- Unrestricted	$ nominal	5,914,801	10,829,655	31,361,402	26,356,066	26,367,641	22,925,448	30,546,749	44,471,994	59,054,139	77,687,483	96,873,380
Total		90,278,043	106,222,236	137,965,081	144,353,590	155,942,771	164,262,994	183,832,597	209,893,142	236,798,726	267,944,828	299,834,014

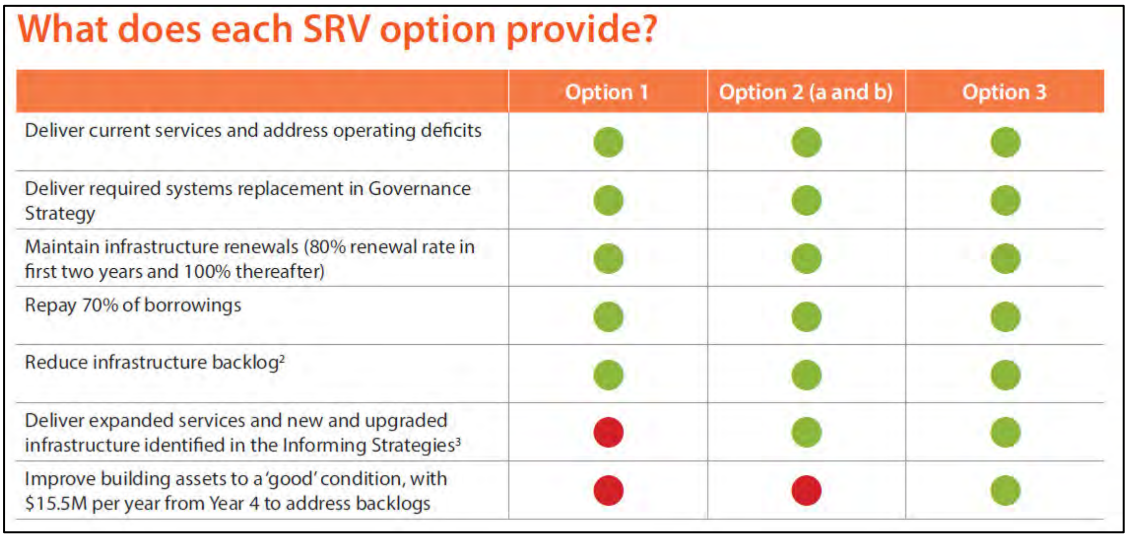
Information provided by NSC to IPART shows **Purchases of Investment Securities,** whereas in the Long-Term Financial Plan publicly exhibited by NSC and adopted by NSC on 10 Feb 2025, this line contains Null entries (refer to Figure 7).

Information provided by NSC to IPART shows Unrestricted Reserves and Internally Restricted Reserves, whereas these important details are missing from the Long-Term Financial Plan publicly exhibited and adopted by NSC on 10 Feb 2025 (refer to Figure 8).

3.2 NSC's SRV Factsheet – $97 million unrestricted reserves not disclosed

Under "What does each SRV option Provide?" (page 4 of the NSC SRV Factsheet disseminated by NSC during the consultation process, also shown on page 63 of "Attachment 3 Community Engagement Outcomes Report" furnished by NSC to IPART[18]), there is no mention of the amount being allocated to unrestricted reserves. This is shown below.

Figure 11: Extract from SRV Factsheet, "What does each SRV option provide"?



What does each SRV option provide?

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

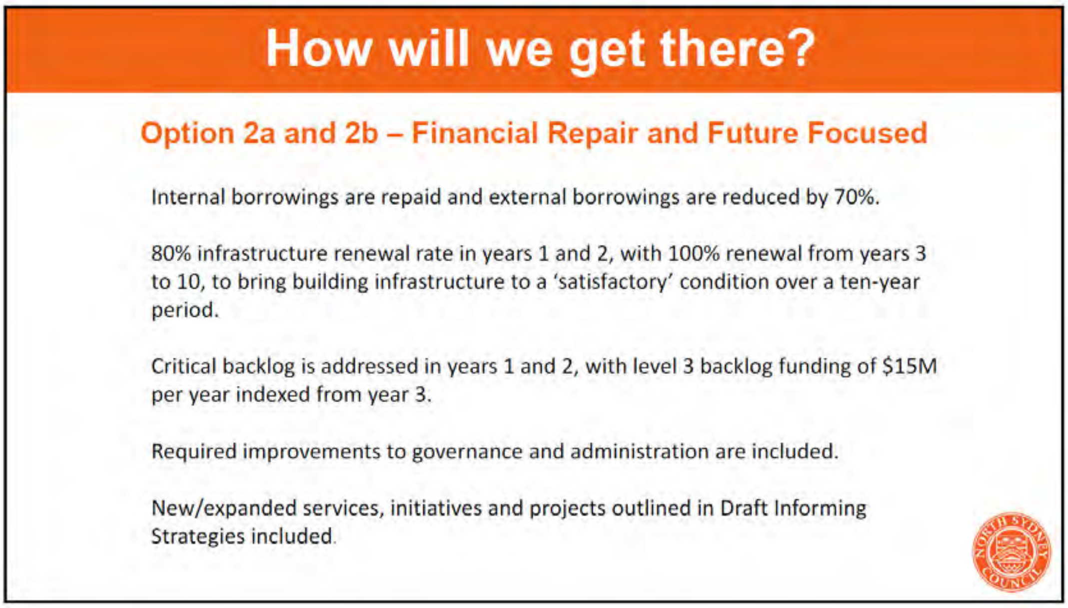
3.3 NSC's Community Presentations – $97 million unrestricted reserves not disclosed

Figure 12 shows how NSC has explained the allocation of funding under SRV Option 2a (the option proposed to IPART) in its community presentations. This information can be found in "Attachment 3: Community Engagement Outcomes Report", provided by NSC to IPART, specifically in *Appendix F – Community Forum and Meeting Presentations*, *slides 32 to 34* under the section *"How will we get there?"*[19] Notably, there is no mention of the planned $97 million in unrestricted reserves for FY35.

[18] Source: https://www.ipart.nsw.gov.au/documents/document/north-sydney-council-attachment-other-attachment-attachment-3-community-engagement-outcomes-report

[19] For link to source document, refer to footnote 18.

Figure 12: NSC community presentation slide 33



3.4 Morrison Low Community Engagement Outcomes Report - $97 million unrestricted reserves not disclosed

Under "What does each SRV option provide?" in Table 2 (page 5) of the Morrison Low report, there is also no mention of $97 million unrestricted reserves.[20] Refer to Figure 13.

Figure 13: Extract from Morrison Low Community Engagement Outcomes Report

Table 2 What does each SRV option provide?

	Option 1	Option 2 (a and b)	Option 3
Deliver current services and address core deficits	✓	✓	✓
Deliver required systems replacement in Governance Strategy	✓	✓	✓
Maintain infrastructure renewals (80% renewal rate in first two years and 100% thereafter)	✓	✓	✓
Repay 70% of borrowings	✓	✓	✓
Reduce infrastructure backlog[4]	✓	✓	✓
Deliver expanded services and new and upgraded infrastructure identified in the Informing Strategies.	✗	✓	✓
Improve building assets to a 'good' condition, with $15.5 million per year from 2028-29 to further improve infrastructure.	✗	✗	✓

[20] For link to source document, refer to footnote 18.

Key points – Criteria that the community understands the need for a rate rise unlikely to be met

While the community may be aware of the rate rise, the rationale behind it is likely not well understood due to a lack of transparency.

The information publicly exhibited by NSC from 27 November 2024 to 10 January 2025 did not disclose that $81 million of SRV funds would be directed toward building up $97 million in unrestricted reserves by FY35.

- The Long-Term Financial Plan's cash flow statements displayed **NULL** entries under "Purchase of Investment Securities" for each SRV scenario, **implying zeroes, or NO Purchase of Investment Securities.** Further, **no Unrestricted Reserves, or Internally Restricted Reserves,** were shown in the statements to clarify the true allocation.
- The SRV Factsheet, NSC community presentation slides, and Morrison Low's community engagement outcomes report also failed to mention any direction of community funds into unrestricted reserves.

Given these omissions, it would have been **IMPOSSIBLE** for individuals to discern this financial strategy. The accumulation of $97 million of unrestricted reserves is now only revealed because NSC has been required to disclose it to IPART in its Application Part A.

These omissions have obscured the true justification for the SRV. As a result, it would have been impossible for the community to have fully understood how the funds were intended to be used, and therefore the criteria that the community understands the need for the rate rise is unlikely to be met.

4. Criteria 3 – Impact on affected ratepayers

NSC has furnished to IPART a "Capacity to Pay" report produced by consultants Morrison Low. This report concludes that North Sydney rate-payers are "advantaged" and have a high capacity to pay, and therefore the impact on rate payers is reasonable. However, the Morrison Low analysis is flawed, as explained below.

4.1 Omission of SEIFA Index of Economic Resources

NSC's Capacity to Pay report states, "*Each grouping is ranked within the top 1% of areas in Australia for advantage according to the Socio-Economic Indexes for Areas (SIEFA)*". This is then used to justify that NSC ratepayers have capacity to pay.

The fact is that SEIFA isn't just 1 index, it comprises 4 indexes. Morrison Low have only referred to 2 indexes, **and omitted the SEIFA Index of Economic Resources (IER), which is the most relevant to capacity to pay.**

According to the ABS,

> "The Index of Economic Resources (IER) focuses on the financial aspects of relative socio-economic advantage and disadvantage, by summarising variables related to income and housing."
>
> "This index is recommended in situations where the user: is specifically analysing access to economic resources….."[21]

[21] Source: https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia/latest-release#index-of-economic-resources-ier-

ABS reports North Sydney LGA has having an IER score of Decile 5, **Percentile 49** (within NSW).[22] This index ranks LGA's in terms of "access to economic resources" from lowest percentile (1) to highest (100). A percentile of 49 means that North Sydney LGA ranks slightly below the midpoint in the distribution when compared to other LGA's in the state.

North Sydney's Index of Economic Resources score (49th percentile) also ranks significantly lower than other LGA's, including neighbouring LGA's Mosman, Lane Cove and Willoughby, as shown in Figure 14.

Figure 14: Index of Economic Resources (ABS) – Comparison SEIFA scores and percentiles

2021 Local Government Area (LGA) Name	Rank (out of 129)	Decile	Percentile
North Sydney	63	5	49
City of Ryde	93	8	72
Waverley	96	8	74
Willoughby	109	9	84
Woollahra	113	9	87
Lane Cove	117	10	91
Mosman	120	10	93
Hornsby	122	10	94
Hunters Hill	124	10	96
Ku-ring-gai	128	10	99

Source: Index of Economic Resources Index of Economic Resources (ABS) by LGA

In practical terms this score implies that while North Sydney LGA may have some wealthier residents, it is home to a diverse socio-economic demographic, with moderate income earners and areas of vulnerability within the community, including single parents, low-income earners, pensioners, those on fixed incomes, and those suffering mortgage and rental stress. Not all have the capacity to absorb large rate hikes.

North Sydney's IER score and its implications have been omitted from the Morrison Low report.

4.2 Failure to account for significant changes in economic conditions since 2021

The affordability conclusions made by Morrison Low are based on ABS 2021 Census Data.

For example, Morrison Low finds that in 2021, 18% of households spend more than 30% of their income on mortgage repayments, and 27% of renters pay more than 30% of their income on rent - indicating some level of mortgage and rental stress.[23]

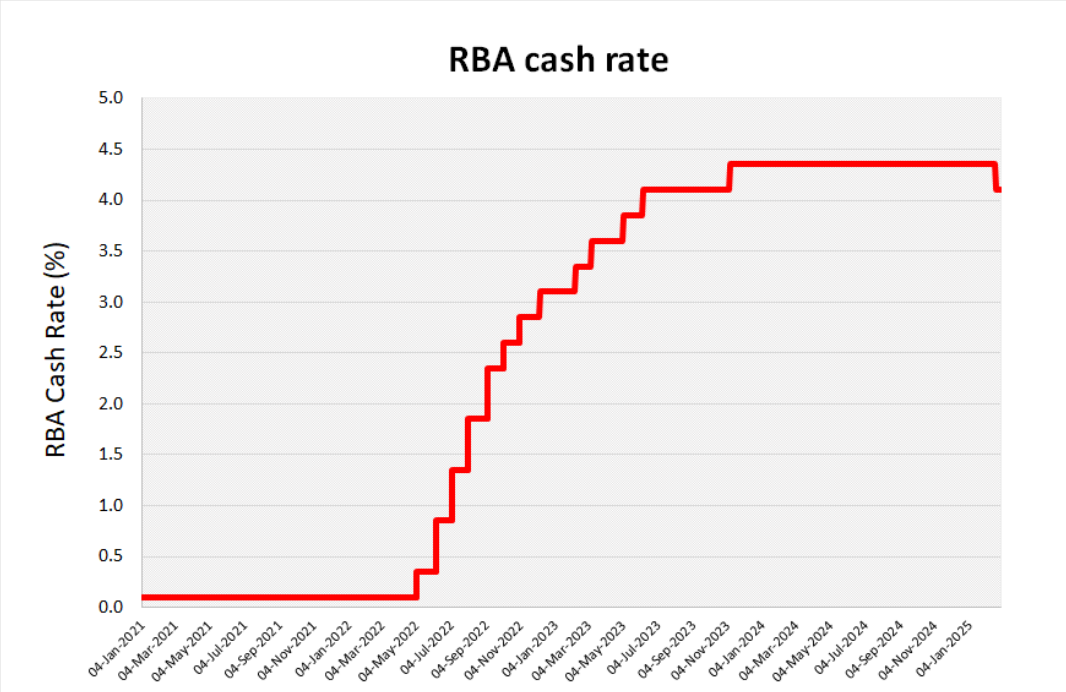
However, 2021 was the first year of the Covid Pandemic - an exceptional year in which interest rates and rents were at a historical low. Since 2021, there have been **significant increases** in interest rates, inflation, mortgage repayments and rents. As such, more people today, would be experiencing even greater levels of rental and mortgage stress, than as suggested by Morrison Low.

[22] Refer to Local Government Area, Indexes, SEIFA 2021.xls available here: https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia/latest-release#index-of-economic-resources-ier-

[23] Morrison Low, Capacity to Pay Report, January 2025, Tables 11 and 12 (pages 17-18).

Figure 15 shows the significant increase in the RBA Cash Rate since 2021 (4 percentage point increase).

Figure 15: Increase in RBA Cash Rate since 2021 (source: RBA Statistical Table F1)



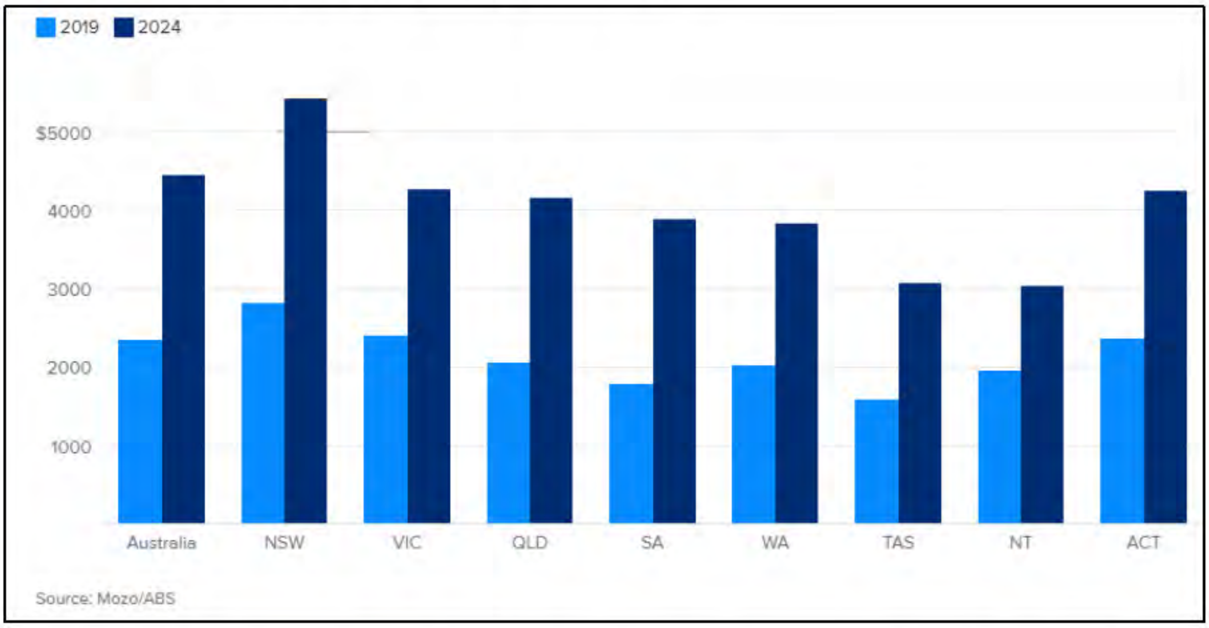
Increases in interest rates have driven up mortgage repayments and rents, as demonstrated by modelling undertaken for the ANZ CoreLogic Housing Affordability Report 2024, that found for Sydney,

> "Households require **33.3% of their income to service rent in Sydney** (which is slightly down from a record high of 33.4% earlier in the year). **The portion of income required to service a new loan is very high at 62.1%**." [24]

Analysis based on ABS/Mozo (Figure 16) shows that between 2019 and 2024, average monthly mortgage repayments for NSW have skyrocketed by 93%, from $2820 per month in 2019, to $5429 per month in 2024.

[24] https://www.corelogic.com.au/news-research/reports/housing-affordability, page 9.

Figure 16: Soaring Mortgage Costs (source: Mozo/ABS)[25]



Since 2021, the cost of everyday goods and services have also increased, evidenced by Figure 17 which shows that CPI has increased by 18% since 2021.

Figure 17: Increase in All Groups Consumer Price Index for NSW (source: ABS)

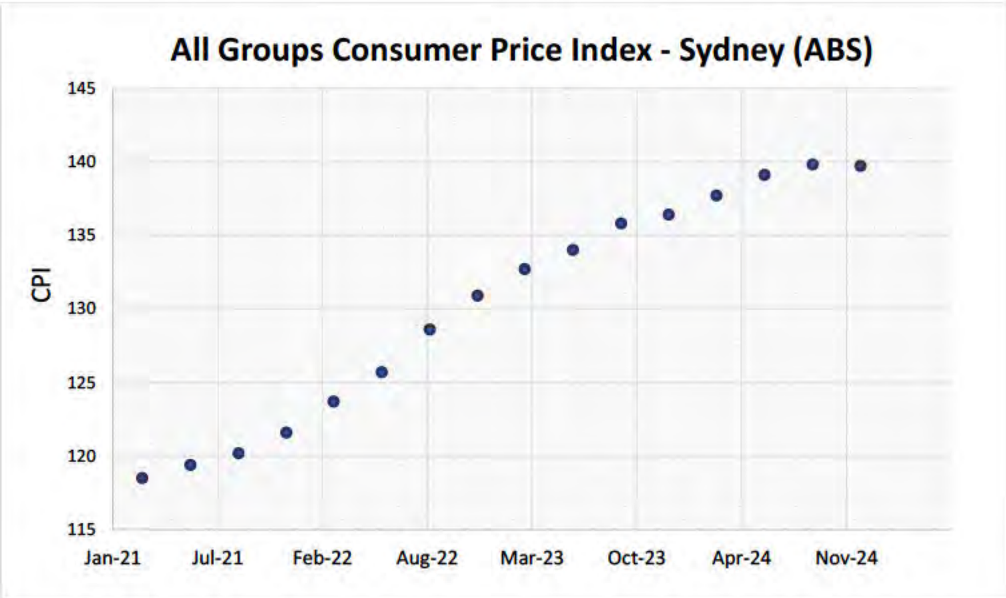


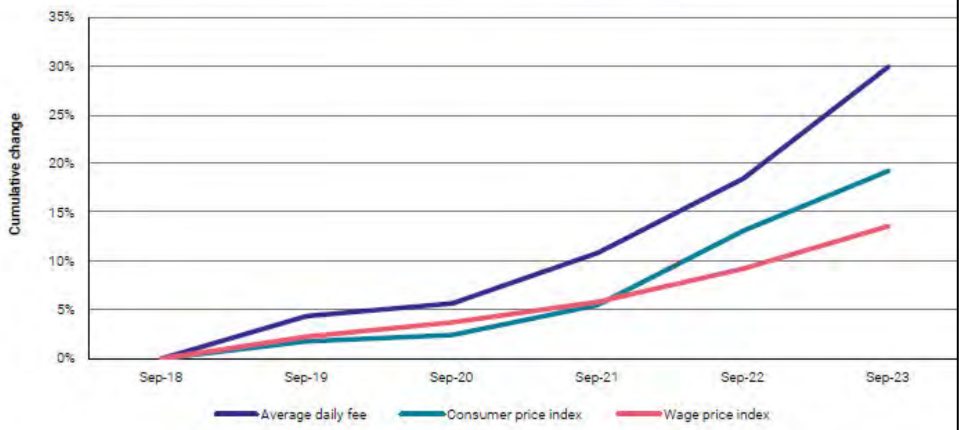
Figure 18 below shows how childcare costs – a key expenditure for many households, have also increased significantly since 2021. It also shows how (since September 2021), inflation has increased faster than wages.[26]

[25] https://www.9news.com.au/finance/states-biggest-jump-average-monthly-mortgage-repayments-australia/06d448ed-55c3-4e5d-83a4-3761af56e472

[26] Australian Competition and Consumer Commission, Childcare Inquiry, Final Report, December 2023, page 86.

Figure 18: Cumulative percentage change in the average daily fee for centre-based child day care, CPI and Wage Price indexes, Sept 2018 to 2023 (source: ACCC)

Figure 3.2: Cumulative percentage change in the average daily fee for centre based day care, consumer price and wage price indices, September quarters 2018 to 2023



Source: ACCC analysis of Australian Bureau of Statistics and Department of Education administrative data.

There has been no acknowledgement of materially changed economic conditions since 2021, in the Morrison Low report. This is a major oversight and diminishes credibility of the Morrison Low conclusions regarding impacts on ratepayers. It also means that the conclusions drawn by Morrison Low on capacity to pay are invalid.

4.3 Major ratepayer group disregarded

Morrison Low's assessment has not considered the capacity to pay of non-resident ratepayers (it only considers those who live in North Sydney LGA). While it is possible for non-resident ratepayers whose properties are tenanted to pass on the cost of increased rates to tenants, this may not be immediately possible, e.g. due to long term leases, making some owners more vulnerable to mortgage stress.

Key points – Flaws in Morrison Low's Capacity to Pay analysis

Morrison Low's analysis on Capacity to Pay, has omitted reference to the Index of Economic Resources (IER). NSC's IER percentile score is 49, meaning that North Sydney residents' access to financial resources is below the middle point in the distribution – while there are some wealthy ratepayers, there is significant socio-economic diversity and pockets of vulnerability. North Sydney's IER percentile (49) is also materially below other comparable LGA's, including neighbouring LGA's Willoughby (84), Mosman (93) and Lane Cove (91).

Morrison Low's analysis is based on ABS 2021 data, an exceptional year when interest rates and inflation were at record lows. The analysis disregards materially changed economic conditions since 2021, including sky-rocketing interest rates and inflation.

The capacity to pay of non-resident ratepayers has also not been considered in the Morrison Low analysis.

Due to these significant omissions, Morrison Low's analysis and conclusions around capacity to pay are invalid. It has not been demonstrated that the impact of the SRV on North Sydney ratepayers is reasonable.

5. Criteria 4: Productivity and cost containment

NSC does not appear to have genuinely taken steps to contain costs. This is evidenced by the insistence to seek funds for expanded services under the Informing Strategies (despite the community overwhelmingly saying they did not support the extra projects arising from the informing Strategies in the SRV survey) and the approach it has adopted to calculating infrastructure backlogs, which inflate the apparent need for the SRV.

There are also no KPI's proposed to track productivity or spending efficiency.

Other elements of NSC's approach also suggest that there has been inadequate effort to try to stem costs or minimise the need for the rate increase, as outlined below.

5.1 Employee benefits and on-costs

Employee benefits and on-costs are set to significantly increase over a 10-year period.

2024/25 expenditure is reported by NSC to be $54 million per year, however by 2034/35, this figure is forecast to be $89 million per year. This is a 60% increase in annual expenditure. When compared to a scenario where 2024/25 expenditure is escalated by 3% per year over the 10-year period, NSC's proposed spending (with the SRV) results in an incremental $100 million being allocated to employee benefits and on-costs over that period.

It appears that a large part of this increase is attributable to a step jump where 2024/25 costs increase by 12.3% in one year, to $61 m in 2025/26. **This is an increase of $7m in just one year.**

In Table 10.3 of NSC's Application Part A (excel), WS10 – LTFP, NSC has explained this cost increase as a 10% increase in employee numbers relating to the North Sydney Olympic Pool.

According to NSC's FY24 Annual Report (Paid Work Statement), as at 14/02/24, NSC had 367 staff.[27]

This implies that the pool requires approximately 37 new staff, costing $7 million in 2025/26, with each new employee costing around $190,000 per year. A $7 million additional expense for 37 new employees seems excessive and does not demonstrate a commitment to cost-containment.

5.2 Other options not explored

Rather than genuinely exploring alternative funding options, NSC has defaulted to a **rate increase as the easiest solution**.

- NSC dismisses asset sales as "not in the best interests of the Council."[28] This is a reasonable statement that would apply under normal circumstances. However the present circumstances are not normal—NSC is proposing an **extraordinary** 87% rate increase, which warrants reconsideration of all options, including asset sales. A fair and balanced financial strategy should incorporate asset sales, rather than shifting the entire burden onto ratepayers. The organisational improvement plan mentions a potential $5m once off asset sale, however there is no firm commitment and the revenue is not factored into the SRV financial models.
- There has been no substantive alternative revenue generating proposal identified or incorporated by NSC in its Long-Term Financial Plan.
- There has been no proposal put forward for how services or projects could be trimmed, as an alternative to a rate rise, or to minimize the rate rise. The base case presented in NSC's

[27] North Sydney Council FY24 Annual Report, page 71.
[28] North Sydney Council Application Part B, page 19.

Application Part A WS10-LTFP shows a deterioration in the financial position assuming certain spending continues, however there is no discussion about how a cut in expenditure could improve the situation.

The lack of consideration to the above points **further undermines the justification for the SRV**.

Key points – Cost containment and productivity increases

NSC has not demonstrated a commitment to cost containment or productivity increases:

- Employee on-costs and benefits rise by 12%, or $7 million, between FY25 and FY26. NSC attributes this to a 10% increase in employee numbers. Based on total employees of 367 as at 14 Feb 24, this equates to a cost of $190,000 per employee, which seems excessive.
- NSC has not presented any alternatives for revenue raising and defaulted to the easiest option for NSC – an increase in rates.
- NSC has dismissed asset sales (NSC mention a possible $5 million land sale, but makes no commitment and provides no details).
- In NSC's base case, there has been no proposal to trim expenditures or projects, as an alternative to a rate rise or to minimise the extent of any rate rise.
- NSC is pushing to increase non-essential expenditure, for instance on new projects that form part of the Informing Strategies, in the context of circumstances when it is also claiming to require nearly $400 million in funding for other purposes. This is not demonstrative of cost containment.

6. Other relevant factors that IPART may consider

As demonstrated by this submission, NSC's approach has exhibited the following -

- Obfuscation of facts;
- Lack of transparency in how the SRV funds will be spent;
- Inaccurate representation of community priorities; and
- Overstated funding needs.

Other relevant and important examples of lack of transparency have recently come to light.

6.1 Failure to disclose SRV plans before the Council election on 14 September 2024

Before 25 November 2024, there had been no public indication—including at any Council meeting—that NSC's financial situation was severe enough to warrant an SRV. Crucially, in the lead-up to the 14 September 2024 local government election, there was no disclosure that an SRV might be pursued. **As discussed in section 2.5, NSC is required by law to highlight any financial issues in its quarterly budget review statements, but prior to 25 November 2024, had highlighted no such issues.**

An article published by *North Sydney Sun* on 13 March 2025 has revealed that NSC executive staff had been actively working on the SRV proposal for months—without informing ratepayers, and it seems, most Councillors. The article is accessible here: https://northsydneysun.com.au/community-politics/exclusive-north-sydney-council-developed-rate-rise-plan-before-last-election-but-didnt-tell-councillors-ratepayers-for-up-to-five-months/

Key findings (based on the article) include:

- Documents obtained under the Government Information (Public Access) Act reveal that that Morrison Low submitted a proposal to NSC on 5 August 2024 (in response to a request by

NSC) and work had commenced as early as June 2024 (refer to the work schedule in Figure 19 shown below). This was not disclosed to the public. This is particularly concerning in the context of a Council election on 14 September 2024.

- The engagement of Morrison Low was formalised on the first working day after the election, 16 September—before vote counting was complete and while the Council was still in caretaker mode. That day, the Director of Corporate Services wrote to the Chief Executive Officer recommending Morrison Low be engaged for the SRV proposal at a cost of $82,450.
- Procurement policies recommend obtaining multiple quotes for expenditures between $50,000 and $150,000. However, in this case, that requirement was waived.
- Three councillors from the previous term have confirmed they were not informed before the election of the possible need for an SRV or the SRV work being undertaken.

The information revealed by North Sydney Sun raises serious questions about why NSC executive staff withheld such critical financial information from the public —particularly during an election period, and whether any Councillors were privy to the information. The decision to delay disclosure until after the election, combined with the swift post-election engagement of Morrison Low, is highly concerning. Further, the decision to bypass standard procurement policies raises questions about NSC's commitment to cost containment and financial discipline.

Figure 19: Schedule obtained under GIPA Act (source: North Sydney Sun)

An August 5 2024 SRV project map showing work dating back to June 2024

6.2 Meeting Minutes submitted to IPART with public forum speakers deleted

The Minutes of the North Sydney Council meeting held on 10 February 2025, as provided to IPART by NSC, differ from the "official" meeting minutes published on NSC's website. Specifically, the version submitted to IPART omits the record of the 30 speakers in the public forum who addressed the Council on the SRV, along with 1 speaker on the Asset Management Strategy and 3 speakers on the

Informing Strategies. The large majority of the speakers voiced significant concerns about the SRV the related strategies.

This omission is significant, as it conceals the strong community opposition recorded in the publicly available and official meeting minutes.

A copy of the NSC official meeting minutes is able to be accessed here:
https://www.northsydney.nsw.gov.au/council-meetings/271/10-02-2025-council-meeting.

Refer to page 13 for a record of the public forum speakers on the SRV.

The version of the meeting minutes submitted by NSC to IPART can be accessed here:
https://www.ipart.nsw.gov.au/documents/document/north-sydney-council-attachment-resolution-apply-special-variation-attachment-26-10-february-2025-council-minutes-resolution-apply

There can only be one official version of Council meeting minutes, and it is deeply concerning that NSC saw fit to present IPART with a sanitized, misleading record of community engagement. This further erodes trust and reinforces the conclusion that the proposed rate increase is unjustified.

7. Conclusion

The proposed SRV should not be supported as it fails to meet key assessment criteria and imposes an unjustified financial burden on ratepayers.

a) Need for the SRV Not Demonstrated

NSC has relied on inflated financial need and excessive unrestricted reserve accumulation, alongside funding new Informing Strategies that do not have sufficient community support, to justify its SRV proposal. Key concerns include:

- **Inflated infrastructure backlog** – NSC has artificially increased its infrastructure backlog by $100 million through a change in methodology that was not transparently disclosed in its financial statements. This approach **inflates the backlog by 3.62 times** compared to other councils. If endorsed by IPART, it could set a precedent for other Councils to adopt the NSC approach to justify excessive rate rises. **Analysis of 29 Councils demonstrates that applying NSC's methodology would impose $3.3 billion of additional costs on those ratepayers**.
- **Excessive unrestricted reserves** – NSC intends to accumulate $97 million in unrestricted reserves by FY35 (on top of $203 million in internally and externally restricted reserves) – a figure nearly six and a half times the average unrestricted reserves of comparable councils (approximately $15 million in FY24). While it would be prudent for NSC to maintain some level of unrestricted reserves, excessive levels can weaken financial discipline and diminish accountability and transparency, by functioning as a safety net for cost overruns, shielding poor decision-making from scrutiny, and enabling politically driven spending. Given these risks, an excessive level of unrestricted reserves should not be supported. A more reasonable target would be in the range of $15-$20 million.
- **Lack of community support for Informing Strategies** – Approximately 80% of respondents surveyed by NSC do not support the Informing Strategies. The need for an SRV to fund these projects is therefore not justified. NSC should engage in genuine consultation over the next 12 months—now that the true financial implications have been disclosed—to allow the community to prioritise the current and new Informing Strategies. If proven necessary, NSC could in the future apply for a more limited SRV that reflects community priorities.

- **NSOP redevelopment funding should be handled via a temporary levy** – If specific funding is required for the pool project, a temporary, targeted levy would be a fairer and more transparent approach than embedding it within a permanent SRV.

b) Community awareness of the need for the rate rise not adequately demonstrated

NSC has engaged in selective disclosure that obscures the true purpose of the SRV, preventing the community from making an informed assessment. **This directly fails IPART's assessment criterion that the community must be aware of the need and extent of the rate rise.** Examples include:

- **Failure to disclose an accumulation of $97 million unrestricted reserves by FY35** – This reserves build-up (which is in addition to internally and externally restricted reserves amounting to $203 million in FY35) was not disclosed in NSC's SRV or Integrated Planning and Reporting Framework documents. **Notably, key entries in the Cash Flow Statements of the Long-Term Financial Plan, which are crucial for understanding the allocation to unrestricted reserves, either show NULL values or are completely missing.** This omission prevents ratepayers from understanding where the SRV funds are truly going.
- **Undisclosed methodology change in infrastructure backlog calculation** – This change increases the FY24 infrastructure backlog figure by $100 million, but was not disclosed to the community, giving the false appearance of a sudden deterioration in asset condition and inflating the perceived financial need.
- **Attribution of the SRV to NSOP project decisions made by a former Council** seems to have led residents and the media to believe that a primary justification for the SRV is to fund the pool, which is inaccurate.

c) Failure to demonstrate that the impact on ratepayers is reasonable

Morrison Low's Capacity to Pay analysis is fundamentally flawed due to key omissions. This analysis is therefore unreliable and has not demonstrated that the impact on ratepayers is reasonable:

- **Selectively omits consideration of the SEIFA Index of Economic Resources**, which places North Sydney in the 49th percentile—indicating significant socio-economic diversity, with many residents experiencing financial stress. The IER also shows that North Sydney sits materially below comparable LGA's, including neighbouring LGA's Willoughby (percentile 84), Mosman (percentile 93) and Lane Cove (percentile 91).
- **Relies on outdated 2021 data**, failing to consider rising interest rates, inflation, and worsening mortgage and rental stress—all of which have significantly impacted ratepayers since 2021.
- **Ignores non-resident ratepayers' capacity to pay**, meaning the analysis on impacted ratepayers is incomplete.

d) Cost containment and productivity increases not adequately demonstrated

NSC has failed to show a genuine commitment to cost containment, opting instead to increase spending and unrestricted reserves while shifting the financial burden to ratepayers:

- Employee costs are set to rise by 12% in FY26 and 63% by FY35.
- No substantive revenue-generating initiatives, or any firm asset sale, have been included.
- No reductions to projects, services or spending have been put forward to minimise the extent of the SRV.
- Spending on new Informing Strategies is proposed despite being opposed by 80% of survey respondents.

e) Selective disclosure and misleading information

Throughout the process, there seems to have been a pattern of selective disclosure, obfuscation, and omission of key facts—both in public communications and documents submitted to IPART. This pattern:

- Undermines transparency and erodes public trust.
- Diminishes the credibility of NSC's financial justifications for the SRV.
- Obstructs genuine community engagement, preventing informed decision-making.

f) Recommendation

The analysis in this submission has shown that NSC's SRV proposal has not satisfied key assessment criteria. IPART should therefore reject or substantially limit the SRV.

NSC should be encouraged to adopt a more transparent, fiscally responsible approach that aligns with genuine community needs.

By adjusting for the overstated infrastructure backlog ($100 million), reducing unrestricted reserves in FY35 to a more reasonable level (within the range of $15-$20 million), and removing Informing Strategies funding that lacks adequate community support ($167 million), the SRV could be significantly reduced.

Any SRV approved should be made conditional with a clear requirement that the funds be strictly allocated and used for their intended purpose.

A transparent, fiscally responsible approach is essential for enabling public trust and ensuring ratepayers are not subjected to unjustified excessive costs.

Attachment 1a: Undisclosed change in methodology for calculating "Cost to bring assets to a satisfactory standard" with $100m impact

FY24 report

North Sydney Council

Report on infrastructure assets as at 30 June 2024

Infrastructure asset performance indicators (consolidated) *

$ '000	Amounts 2024	Indicator 2024	Indicators Restated 2023	Indicators Restated 2022	Benchmark
Buildings and infrastructure renewals ratio					
Asset renewals [1] / Depreciation, amortisation and impairment	55,611 / 23,999	231.72%	86.79%	150.63%	> 100.00%
Infrastructure backlog ratio					
Estimated cost to bring assets to a satisfactory standard [2] / Net carrying amount of infrastructure assets	146,794 / 1,119,834	13.11%	13.19%	11.07%	< 2.00%
Asset maintenance ratio					
Actual asset maintenance / Required asset maintenance	8,961 / 9,085	98.64%	108.32%	88.69%	> 100.00%
... level					
...cil	146,794 / 1,575,211	9.32%	9.17%	7.49%	

...alculated using classes identified in the previous table.

...ment and/or refurbishment of existing assets to an equivalent capacity/performance as oppos... ...efurbishment of old assets) that increases capacity/performance. The high Infrastructure Ren... ...Olympic Pool project. Excluding the $38.2 million spent on the project, the renewal ratio stand... 66%, indicating that Council did not renew its other infrastructure assets at a sustainable rate during the year.

(2) Council has elected to use the estimated cost of fully renewing all infrastructure assets assessed to be in categories 4 (poor) and 5 ... poor condition) as the estimated cost to bring assets to a satisfactory standard.

NSC's FY 24 report (that reports a $146 million infrastructure backlog, or "estimated cost to bring assets to a satisfactory standard") indicates something has been restated but does not disclose:

- **Which figures on the page have been restated?**
- **What were they restated from?**
- **Why have they been restated?**

Only when forensically reviewing NSC's FY23 report alongside the FY24 report, can answers be found. In FY24, the orange circled figures have been restated from prior year values to appear worse. The restatement arises from a change in the definition of the numerator used to calculate the ratio.

The numerator (infrastructure backlog) would be $100m less using the prior methodology.

FY 23 report

North Sydney Council | Report on infrastructure assets as at 30 June 2023 | for the year ended 30 June 2023

North Sydney Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

$ '000	Amounts 2023	Indicator 2023	2022	Indicators 2021	2020	Benchmark
Buildings and infrastructure renewals ratio						
Asset renewals [1] / Depreciation, amortisation and impairment	19,774 / 22,[illegible]84	86.79%	150.63%	98.35%	93.60%	> 100.00%
Infrastructure backlog ratio						
Estimated cost to bring assets to a satisfactory standard [2] / Net carrying amount of infrastructure assets	31,905 / 1,030,370	3.10%	3.65%	3.89%	4.01%	< 2.00%

Attachment 1b: Undisclosed change in methodology by NSC when presenting Infrastructure Backlog Ratios to IPART - NSC Application Part A, worksheet WS11 - Ratios

Table 11.1: Sustainability

		Historical ratios								
		Hist yr -5 2019-20	Hist yr -4 2020-21	Hist yr -3 2021-22	Hist yr -2 2022-23	Hist yr -1 2023-24	Year 0 2024-25	Year 1 2025-26	Year 2 2026-27	Year 2027-
Operating Performance Ratio										
Scenario 1: Proposed (with SV)	%	-9.2%	-0.2%	-0.4%	-0.8%	-1.7%	-4.6%	8.4%	17.6%	
Scenario 2: Base case (no SV)	%	-9.2%	-0.2%	-0.4%	-0.8%	-1.7%	-4.6%	-4.1%	-3.5%	
Scenario 3: Hybrid case#	%	-9.2%	-0.2%	-0.4%	-0.8%	-1.7%	-4.6%	-7.2%	-9.0%	
Own Source Revenue Ratio										
Scenario 1: Proposed (with SV)	%	89.8%	79.2%	80.5%	78.9%	85.4%	89.0%	93.2%	94.1%	
Scenario 2: Base case (no SV)	%	89.8%	79.2%	80.5%	78.9%	85.4%	89.0%	92.1%	92.3%	
Infrastructure Renewals Ratio							Please enter forecast ratios			
Scenario 1: Proposed (with SV)	%	93.6%	98.4%	150.6%	86.8%	66.0%	72.5%	81.8%	94.0%	
Scenario 2: Base case (no SV)	%	93.6%	98.4%	150.6%	86.8%	66.0%	72.5%	71.4%	71.9%	

Table 11.2: Effective infrastructure and service management

Infrastructure Backlog Ratio							Please enter forecast ratios			
Scenario 1: Proposed (with SV)	%	4.0%	3.9%	3.7%	13.2%	13.1%	13.1%	8.8%	8.8%	
Scenario 2: Base case (no SV)	%	4.0%	3.9%	3.7%	13.2%	13.1%	13.1%	8.7%	9.0%	
Asset Maintenance Ratio							Optional: Enter forecast ratios only if they are relevant to your council'			
Scenario 1: Proposed (with SV)	%	98.0%	102.6%	88.7%	108.3%	98.6%	95.0%	100.0%	100.0%	
Scenario 2: Base case (no SV)	%	98.0%	102.6%	88.7%	108.3%	98.6%	95.0%	90.3%	83.3%	
Debt Service Ratio							Optional: Enter forecast ratios only if they are relevant to your council'			
Scenario 1: Proposed (with SV)	%	1.1%	1.0%	1.0%	2.7%	2.6%	5.2%	8.2%	9.8%	
Scenario 2: Base case (no SV)	%	1.1%	1.0%	1.0%	2.7%	2.6%	5.2%	4.6%	4.2%	

- The 2022–2023 Infrastructure Backlog Ratio has been restated **without disclosure or explanation** in the above spreadsheet, **creating the misleading impression of a material deterioration between FY22 and FY23, when no such deterioration actually occurred.** All that has happened is a restatement of the FY23 ratio, and calculation of the FY24 ratio using a revised methodology. The revised methodology is explained in section 2.1(a) of this submission.
- The spreadsheet reports the FY23 figure as 13.2%, but as seen in NSC's FY23 Financial Statements (extract on previous page), the FY23 ratio was previously reported as 3.1%.
- The presentation of these ratios in this spreadsheet, is also inconsistent with NSC's FY24 Financial Statements, in which NSC restated the FY22 and FY23 ratios (whereas in the spreadsheet provided to IPART, only the FY23 ratio is restated).
- This methodology change has a material inflationary impact, increasing reported backlog costs by $100 million for FY24, and inflating the FY24 Infrastructure Backlog Ratio.
- Lack of disclosure of this change in methodology, and inconsistencies in the WS11-Ratios and the FY24 financial statements, are concerning, raise questions about transparency and integrity, and are inconsistent with principles of good governance.

Author name: S. Lysenko

Date of submission: Monday, 10 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
To whom it may concern, I am writing to voice my objection to the proposed rate increase on North Sydney residents in the strongest possible terms. The proposed astronomical increase in residential rates is beyond belief and demonstrates the utter disdain this council has for its constituents. It rewards the mismanagement of public funds and grievous incompetence of North Sydney council who appear to operate with impunity. Demanding that the residents of North Sydney fund the blowout of costs for the Olympic pool is offensive, a pool that will be run as a commercial enterprise, raking in revenue from the patrons of greater Sydney. The perpetual nature of the proposed rates increase only highlights the greed of North Sydney Council and its inability to learn from the mistakes made.

Author name: S. McEvoy

Date of submission: Wednesday, 12 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I've lived in the North Sydney Council area for 15 years. I have not used the North Sydney pool in the last decade - there is a beach 500 meters down the road. I refuse to have my rates doubled to pay for the Council's mess relating to a pool I have no use for. Furthermore, given the financial mess and changing financial position I would strongly suggest residents request that the Governor under the Local Government Act 1993, have the council operations and its finances investigated. There is strong evidence for intervention including: 1. Performance improvement orders & perhaps suspension orders 2. Appointment of Temporary advisers to assist the council 3. Financial controllers to be appointed to assist the council and oversee discrepancies between reported finances & recent updates 4. Interim administrators may also need to be engaged. Council have been disingenuous especially prior to the election- I think it's foolhardy to let them keep making financial decisions at this point. Another point I would add is the plethora of cashed up local Private schools buying up large parcels of land and residential properties that formerly paid rates, to be exempt of rates themselves. They use local facilities, parks and sports grounds. They should be paying rates.

Author name: S. Rogers

Date of submission: Monday, 17 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Whilst I understand North Sydney Council needs to pay for the dismal errors of the previous Council re restoration of the Olympic Pool, I object to Council's knee-jerk reaction to the current financial crisis. A few areas where savings could be made are installation of bike paths (which are mostly not used), decreasing fortnightly household and green waste collections, and at Stanton Library. A longer-term plan needs to be put in place to spread income adjustment over 5 -10 years, not just over one year. Council rates should not rise by more than 15-20% in one year, Sheridan Rogers, Cammeray

Author name: S. Simaitis

Date of submission: Tuesday, 18 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
This whole saga is one of gross mismanagement, no accountability or qualifications, no disclosure of cost cutting plans, wages of executives and the qualifications to justify the salaries. No plan has been disclosed regarding the reduction of debt - asset sale; time frame; cost-cutting implementations; reduction of executive councilors salaries; ensuring qualified experts run major projects; nothing has been disclosed. My conclusion is this: Ensure the Ombudsman gets the Council to: - sell assets to assist in debt reduction (even $20m is $20m less that the ratepayers will be burdened with paying) - disclose how many properties are owned - disclose cost-cutting and expenses plan - disclose executive salaries - disclose qualifications to justify the salary - insist on cost-cutting measures (none have been disclosed) - disclose budgets required for various time frames - any future major projects to be fully disclosed - from tender stage, expert running the project, respective qualifications, budget and staged payment plans Basically, the Council is and should be made accountable to the ratepayers disclosing all of the above.

Submission in opposition to the North Sydney Council proposal for a rate increase of 87%. 28/02/2025

My husband Hugh Ferguson and I, Sharon Skeggs, have lived in Waverton and paid rates for over 30 years.

I was MD of a division of Saatchi & Saatchi for over 16 years and have extensive knowledge of customer research, communications and writing and reviewing strategic plans. I have been a Company Director on ASX, Government appointed, and private Boards. My husband has a Masters in economics and was a corporate accountant. We list below some of the reasons that we oppose Noth Sydney Council's proposed rate rise of 87%.

1. We all know about the appalling financial management and project management by North Sydney Council over the renovations to the North Sydney Pool. They have shown themselves to be inept at managing large-scale projects and budgets.
2. Immediately before the recent Council elections the community was led to believe by the Councillors standing for re-election, including the now Major, that the finances of North Sydney Council were in good shape. Once elected the Major immediately painted a very different story. This is disingenuous and provides us with no confidence in their ability to be honest and transparent.
3. Because of our large CBD, North Sydney Council receives significant amounts of money from rates every year. This council already gets very high revenues.
4. A while ago a survey was distributed to residents where we were given a list of things to tick that we might like to see in North Sydney. No indication of how much these things would cost or if the Council could afford them was provided. So we ticked a number of things, expecting further information. No further information has been provided. This wish list has been described by Counsellors as a mandate. Which of course is nonsense, it is appalling and disingenuous process.
5. A so-called 10-year strategic plan was put out by Council. It was 200 pages long and despite my having sat on numerous Boards with a business career of the highest level, I was not able to understand the so-called strategic plan. Neither was my accountant husband. In truth the drafting of the so-called strategic plan was terrible, convoluted, full of unclear over long and confusing text. Any normal Board would have sent it back for redrafting. This so-called strategic plan asked us to vote on several options, every option was for a sizable increase in rates. There was no option to oppose a rate increase, so we did not vote. Speaking as an expert in research this was substandard process.
6. I could see no evidence in the so-called strategic plan that Council had looked at its own cost structure to seek savings, or interrogated underperforming assets that could be sold to provide funds, or a plan to borrow money at the low interest rates that are available to them. There was no evidence that they looked at a phased approach to gentle increases in rates, that ratepayers and small business owners could have planned for. Their only solution was to slug the ratepayer, hard and fast. This is not good enough and poor business management.

7. The so-called strategic plan was distributed for comment over the Christmas period and its existence was very poorly communicated, if at all. This cannot be described as adequate consultation.
8. I attended my first ever council meeting on the evening of Monday 10th February, the meeting where Council was due to vote on the proposed 87% increase in rates. I would say several hundred people waited outside Council Chambers to enter the meeting. The logistics were appalling. The many people who attended were treated very poorly. We queued to attend a meeting that we did not realise was impossible for us to get into because the room Council chose to hold it in was so small. At no point was this explained to us as we patiently waited outside trying to get in. But we were shouted at by security guards. When I eventually managed to squeeze into the room I was shocked by the combative, aggressive stance of the Major. I was expecting an apology for having to squeeze in and stand up, but no, I felt I was being severely reprimanded by the Major. This shocked me. The Major's aggressive stance set the tone of the meeting; it was entirely down to her. Throughout my extensive business career, I have always viewed aggressive people as being out of their depth. That is now how I see the Major. Getting back to the logistics, the audio and visual links for people outside the room to hear and see what was going on, were shockingly inadequate. Again, it frames Council as unprofessional and out of touch. They must have expected a large number of people to come to such an important meeting, not to have done so again frames Council as totally out of touch with their constituents. I stood in a swelteringly hot, tiny room for 4 hours. This is no way to treat constituents, or to promote healthy feedback and consultation.
9. At the meeting on 10th February many people from the community made excellent presentations overwhelmingly against the 87% rate rise. I feel that together the presentations tackled the issues well and outlined the areas the Council should be looking at to raise or save money, instead of hitting the community with this rate rise. I felt the speakers were treated appallingly by the Major, even to speak they had to bend over as the microphone was too low and no chair was provided. The Major's tone of voice throughout was shockingly aggressive. How is this an acceptable way to treat the people they are supposed to represent, people who had spent time putting together their presentations and turning up to the meeting? I'm still shocked.
10. At the meeting on 10th Feb we heard constituent presentations from excellent professional people opposing the rate rise. We also heard from people struggling with current cost of living pressures and small businesses; to whom this immediate and large rate increase would be devastating. There would be many people like this in our community, these people must be better served by their Council.
11. At the meeting on the 10th Feb, Council voted in favour of the 87% rate rise, by 7 votes to 3. I honestly believe by the Major's aggressive tone, her body language and facial expressions, that she had no interest in what her constituents had to say. And nor did the 6 other Councillors who voted in favour of the rate rise. The Council should have voted to delay the vote to increase rates by 87%; in favour of conducting a professional strategic process with a meaningful consultation process.
12. I sincerely hope that IPAC rejects North Sydney's request to raise rates at all and sends them back to the drawing board.

Author name: T. BELLEW

Date of submission: Monday, 24 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I oppose North Sydney Council's application for Special Rate Variation (SRV) because it is too much, the rates will be far higher then the NSC report suggest for residential home owners because the new rates will be based on 2024 Land Valuations - which are much higher.

TIM JAMES MP

MEMBER FOR **WILLOUGHBY**

Shadow Minister for Small Business
Shadow Minister for Fair Trading, Work Health and Safety and Building

4 March 2025 Our Ref: 25-0229M

Mr Andrew Nicholls PSM
Chief Executive Officer
Independent Pricing and Regulatory Tribunal NSW
PO Box K35
HAYMARKET NSW 1240

Dear Mr Nicholls

North Sydney Council's Special Rate Variation

I write to express deep concern in relation to North Sydney Council's proposed special rate variation. The SRV of 87.05% over two years is an outrageous impost on residents and businesses during a cost-of-living crisis and cannot be justified.

Specifically, point 3 of IPART's assessment criteria – "The impact on affected ratepayers must be reasonable" – has in my opinion, not been met. The scale of the increase, paired with the failure to properly assess the financial burden on residents and small businesses, should render this submission unreasonable.

North Sydney Council has not adequately demonstrated that it has considered the community's capacity or willingness to pay such a significant increase. There has been no genuine effort to establish affordability, nor has the Council clearly outlined how this increase aligns with ratepayers' financial realities.

The community holds concerns at the lack of transparency and integrity by council in the process that led to this SRV. A flawed community consultation was held over the Christmas and New Year period in which respondents were forced to accept at least a 65% SRV. Despite this, only 5% supported the ultimate increase proceeded with. The so-called council financial crisis and desire to raise rates were not disclosed to ratepayers prior to last year's local government election. The SRV process was initiated merely days after that election.

02 9439 4199 0478 164 250 willoughby@parliament.nsw.gov.au www.timjamesmp.com.au
PO Box 428 Northbridge NSW 1560 Shop 26, 145-151 Sailors Bay Road, Northbridge NSW 2063

The justification for the rise - that the North Sydney Pool project required $60 million in extra funding does not justify a SRV of this scale. The pool would represent about 10% of the $522 million the rate variation would raise over the next 10 years.

The disproportionate nature of this increase suggests that the council is using the pool project as a pretext for a broader revenue grab rather than a targeted response to a specific funding shortfall.

This directly contradicts point 2 of IPART's assessment criteria, "evidence that the community is aware of the need for and extent of a rate rise." North Sydney Council has failed to ensure the community is fully informed about the necessity and financial impact of the SRV.

If you compare North Sydney Council to councils it often benchmarks itself against, such as Woollahra and Willoughby, but look at total revenue rather than minimum rates, it's clear that North Sydney's existing rates already keep it in line with these councils. There is no evidence that North Sydney Council is disadvantaged or missing out due to lower rates. In fact, after the SRV, the Council's total revenue is estimated to jump from $138.15 million to $190 million - well beyond what would be reasonable in comparison to similar councils.

This proposed SRV is excessive, unjustified and in my opinion, fails to meet IPART's reasonableness test. It places an unreasonable financial burden on ratepayers without due consideration of affordability, economic conditions or community support.

I urge IPART to reject North Sydney Council's application.

Yours sincerely

[redacted]

Tim James MP
Member for Willoughby
Shadow Minister for Small Business
Shadow Minister for Fair Trading, Work Health and Safety and Building

<u>North Sydney Council application for SRV and Rate Increses</u>

It is appropriate to applaud the effort of NSC leadership to obtain community input and engage staff and professionals in preparing the current Strategic Direction documents. If asked if the Kirribilli Village Community (KVC) were asked "do you support the five Informing Strategies, their proposed costs over the next 10 years and the substantial rate increases"- I suggest the answer would be NO:

- Has the nature of the specific projects that will impact the KVC been clearly articulated i.e. purpose, scope, timetable, cost?
- Does the plan reflect the specific recommendations of the KVC as developed in 2022 and shared with the NSC – recommendations developed as a result of a comprehensive survey of residents and business owners?
- Has modeling been used to look at alternative timing, various priority options and changes in scope?
- Have the benefits to KVC been articulated?

There are numerous positive principles and proposals to develop a New Collaboration model encompassing the State and specific Departments, Federal regulators, NSW teams, various Committees and the Precincts. We should consider the NSC planning not complete but a valuable work-in-progress. It should be enhanced to include a link of the 5 Strategy Segments to each of the 14 North Shore communities describing the cost benefit of proposed projects to each community. Time to take the next step to make the plan relevant to each community, revise the financial projections, and submit a new rate proposal. Embrace the commitment to implement a collaboration model that will involve the precincts in the planning and include them in the design and implementation of each major project.

Comments by Thomas Kelly, Kirribilli resident – 5 March, 2025

Author name: T. Stockton

Date of submission: Wednesday, 26 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am writing to oppose the proposed 87% North Sydney Council rate increase over the next 2 years. While Council proposes this is largely to cover the shortfall of the cost involved in rebuilding the North Sydney Pool, further information has shown that the monies collected will be used for other purposes as well. I will never use the pool the myself as I have a respiratory condition and if extra funds are required for other purposes, Council should table those separately for consideration and voting. Finally and frankly, I think this situation has arisen through negligence by members of the Council in tracking costs and living within their funding envelope.

Author name: T. Wziontek

Date of submission: Friday, 21 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Council reported a surplus in its budget in June 2024 and identified no financial risks in its 2024 Financial Statements. Mere months later it has stated that its "unsustainable financial position" has led to the proposal for an 87% increase for residential and business rates starting in 2025. The current General Manager has been in that role for 2 and half years. In September 2024, new Council was elected, however with the same Mayor that resided for the previous 3 years. Mayor and GM suddenly in November 2024, announce proposal for initially 110% rate increase. In September , prior to Council elections, General manager hires consultancy firm to run community survey which was run over Xmas period. Survey was poor , allowing residents only to chose from 4 significant rate increases which delivered a desired forced survey outcome. Council met on evening of Feb 10 and voted 7 to 3 for an 87% rate increase, at 11.06 pm that same evening North Sydney Council staff uploaded the IPART application for the 87% increase. A substantial document that would have been prepared well in advance. You will therefore conclude as I have that the Mayor and General Manager have orchestrated this process and run roughshod over the residents. It is a disgrace and IPART should initiate an investigation into the above process and lack of transparency.. The following specific reason for IPART to reject the *&% rate increase: - NSC has not been transparent misled residents at September election and continued to do so since - NSC lack financial skills to manage the current expenditure both from capital works (eg swimming pool) and operating expenses. So why give them more money to waste? - Although NSC is justifying the 87% increase on the current debt, majority associated with swimming pool, reality is that 90% of the forecast is for new activities, new capital and new operating costs. Mayor is misleading in her announcement. - Council has changed the method of accounting for assets from satisfactory (which is what most other councils use) and this significantly contributes to future capital outlay; over $300 million - Swimming pool capital increased from $65 mill to $122 mill over the last 3 years under the management of current Mayor and over last 2 years, the current GM. Both lack any governance or financial skills and should be dismissed. They certainly should not be left in charge of a larger budget which an 87% rate increase would deliver. Please reject their submission. Council has not demonstrated in their IPART submission how this asset can be operated for a surplus. Again a reflection of the poor financial skills within Council. -some of the 90% future expenditure is for special interest projects. If you in an unsustainable financial position, you do not splash on such. - NSC has not demonstrated that they pursued other options. eg they reject any asset sales. NSC owns a number of retails shops in prime locations, why.? They have not considered any compression of costs. They continue to pay exorbitant salaries. They GM earns about the same as the Prime Minister (after benefits) In summary, NSC has been very deceptive with all residents in declaring a surplus for year 2023/24 just before the Council election and then immediately after , stating massive financial crisis. Council and staff have poor financial skills and are not capable of making any sound financial decisions. Council should look at other options to restructure the current debt of $60 mill. If the financial situation is unsustainable, how can you justify new spending with 90% of the rate increase for new activities. NSC is running roughshod over the residents asking them to pay for their special interest projects. The Council should be dismissed.

[redacted]

16 March 2025

Independent Pricing and Regulatory Tribunal
New South Wales

Re: North Sydney Council's application for a special rates variation

Dear IPART
I have lived in North Sydney for over fifty years, I am a ratepayer for both commercial and residential premises. I attended the two public meetings at Council on 4 December 2024 and 10 February 2025, held to discuss their special rates application. I am a member of a precinct committee.

IPART has received detailed submissions from my local precinct and from North Sydney Council. I do not propose to repeat them, I am making this submission to put three other matters before you for your consideration.

1) For some time the rationale for a rate rise put forward by Councillors and local media was the extended closure, over capitalisation and cost over-run of re-development of the North Sydney Pool, a facility sorely missed by local residents, schools, tourists, and workers from North Sydney and the CBD, many who regularly came for lunch time laps - on foot, in cars and by bus, train and ferry. Until December 2024, the blame for the pool debacle was laid squarely on the previous Mayor and the Council that had signed off on the project.

On 4 December 2024, at a poorly attended public meeting in the Council, the consultant, from New Zealand's Morrison Low, and Council's General Manager, Ms Manns, sought to redefine the problem as one far more entrenched, requiring a massive ongoing rise in Council rates, 82% for residential rates, 96% for commercial, as the remedy.

One proposal I put to our precinct meeting, and to Council on 4 December 2024, was to impose a pool levy, a visible and accountable charge added to annual Council rates that would cease when the pool debt was paid. I believe a levy marked for the North Sydney Pool would be generally accepted by ratepayers. May I request IPART consider this option.

2) On 4 December 2024, I voiced my disappointment that we have seen no proposal from Council to tackle the massive shortfall it has identified by reducing or cut back on its current expenditure. The only response I received was that on an earlier occasion Council had cut back on mowing the grass verges along various footpaths, and the complaints that followed convinced them to restart mowing without delay.

For example, to date Council has not proposed cutting or pruning any of the myriad of services or community gatherings and entertainments it promotes, supports, staffs and funds in part or in full. North Sydney has clubs, sports organisations, theatres and galleries filling local calendars with their offerings, with a host of other alternatives just across the Bridge, seven days and nights of the week.

The other departments and areas of Council's activities could be placed under similar scrutiny. It has under-used assets it could sell or better manage, it could reduce manpower, defer maintenance, reduce less utilised services, better manage its payroll and costs, take a less supine position by accepting its responsibility to mitigate its debts and get itself back within its budget constraints.

Instead, Council invited ratepayers to nominate where they thought cuts might be made. A number have done so, I suggest Council progress this effort. Its administration knows its budget at a granular level, the demographics and scale of demand for its services. Council could make a less random and more effective analysis of its expenditure and commitments. To date, Council has avoided tackling this seriously or systematically, just as it failed until the last minute to communicate its sense of urgency to residents or ratepayers. It now has the task of regaining the trust of residents and ratepayers. May I suggest IPART direct North Sydney Council's urgent attention to this task.

3) Current developer contributions are inadequate for North Sydney Council's future capital and infrastructure development. IPART's draft Infrastructure Benchmark report classifies "large" projects as those with a construction cost of $5m, far below the cost of each of the towers already approved to grace North Sydney from the CBD to St Leonards.

IPART's draft classification of site location specific factors and constraints vastly underestimates the problems faced by councils like North Sydney and the City of Sydney in negotiating and obtaining adequate contributions from major developers to supply baseline services and adequate open space for the thousands of new residents who will reside in the towers.

Where once developers sat down with Councils to discuss and negotiate these details, they have been given authority to bypass them entirely. Half a dozen of the giant towers approved to line Pacific Highway from St Leonards to North Sydney were given a seal of approval by Ministers of the last New South Wales Government.

The current State Government has created a Housing Development Authority, made up of senior public servants from Planning, infrastructure and Premier's Departments, to assess and identify "State significant developments;" little different from the last government's conga line of ministerial approvals used to bypass local Council scrutiny.

A tick-of-approval from the Housing Development Authority undermines the standing of local councils, it forces their hands to progress high density, high-rise proposals and major development projects without considering the needs of existing residents or the development's future occupants.

May I suggest IPART consider the risks implicit in this approach in its final report on infrastructure benchmarks and its assessment of the adequacy of developer contributions.

Yours faithfully

Victoria Walker

Author name: W. Taylor

Date of submission: Saturday, 1 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
North Sydney Council has a mandate to provide essential services to residents. These functions are defined and overseen by the NSW State Government. Over many years former mayors, not excluding the incumbent, and councillors have made excruciatingly poor decisions, entered into litigation with ratepayers and other entities when careful negotiation would solve problems, engaged numerous costly consultants, committed to major expenditure without management qualifications or prudence and arrogantly disregarded the appeals of ratepayers to the point of losing their confidence. Residents have no voice, There is no proposal to curtail impropriety or waste, no clear budget for future essential services. The NSW Government is remiss in failing to identify obvious ineptness and to take control of the chaotic situation.

Author name: W. Tsung

Date of submission: Monday, 3 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
As a McMahons Point resident, I wish to strongly object to the North Sydney Council rate increases based on the following. 1. Inadequate community notification/engagement. I heard about this issue from my state representative. The Council survey had no option for residents to vote in opposition, allowing only varying degrees of voting in favour. The circulated Council documentation was misleading/false, eg stating it is low on funds because it has lower rates than the adjacent Willoughby Council. My parents pay $2000 pa rates in Willoughby for a similar sized residence as mine in North Sydney, where I pay $4300 pa. The land values may be higher and therefore the actual quantum of rates can be much higher than the percentage suggests. The Council also published many graphs and explainers which did not clearly state the need for more money, nor where the existing money disappeared to, instead blaming historically low rate levies. 2. Council says that the residents are wealthy and can afford higher levels of rates. I say it is already near unaffordable for ordinary residents. Moreover, Council has a penchant for heritage listing everything and my home insurance is over $10,000 pa. And besides, $4000pa is simply a rip-off for the services Council is supposed to provide (garbage collection and some parks and facilities maintenance), and $8000 would be impossible to justify. North Sydney ratepayers should get good value for money and not be overcharged. The impact of rates near $8000 would be to force people to sell the homes in which they have chosen to make their lives, which is unfair. Rallying ratepayers on the minimum protected rates to support rate rises is not representative of all ratepayers. 3. Council has not demonstrated the need for the additional rate money. It has been reported that one single swimming pool renovation has now reached $122M dollars ($122,000,000.00). That is outrageous. To say that Council needs this rate increase because this pool must be finished at all costs is clearly irrational. The pool could have its heritage listing revised, be demolished, sold, or altered to avoid criminal extravagance with public funds. Council cannot manage or deliver large projects and yet has the audacity to demand more public funds. Council has not audited or published its mistakes that led to a $100M cost blowout, and no one (elected councillor or staff) has been held accountable. Again, to emphasise, $122M for a pool and $100M over-budget is not routine. This council cannot be entrusted with any more public funds (certainly without an investigation) and it does appear that Council is asking for money to cover its mistakes, because the list of future expenses is just generic. 4. Council could find money elsewhere. It could rationalise its assets and staffing. There are anachronistic, rundown, under-utilised community centres which are within walking distance of Council Chambers, which itself has usable space. These could be consolidated or sold to cover Councils shortfall. In addition, Council could reconsider its anti-development stance which has discouraged residents from renovating and developers from building, leading to fewer developer contributions, fewer ratepayers and high Council legal costs. 5. Council has not demonstrated it can manage assets and costs adequately. It has not admitted, let alone explained, how it mismanaged funds so poorly and who is accountable. It is asking for a doubling of rates, which means it has truly reached a dire state. It has not explained how it would not mismanage public funds in the future. Rushing through a Council vote after the Christmas/New Year break is not inspiring confidence. 6. Council staff and elected councillors are not anonymous and must be held to account. Rate rises should an absolute last resort. Covering up mistakes is not a valid reason to double rates. (My council rates notice and insurance premium are available upon request.)

Author name: Z. Barber

Date of submission: Tuesday, 18 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Dear IPART, I strongly object to the proposed Special Rate Variation (SRV) on the following grounds: Inadequate Community Consultation The council's consultation process was conducted over the holiday period, limiting meaningful participation from residents and businesses. Furthermore, the survey presented only three predetermined options, failing to provide a genuine opportunity for alternative community input. IPART requires councils to demonstrate that consultation has been transparent, accessible, and reflective of community sentiment, which this process did not achieve. Failure to Fully Explore Alternative Financial Strategies A Special Rate Variation should be a last resort after all other financial options have been exhausted. The council has not provided sufficient evidence that it has considered alternative revenue streams, cost-saving measures, or a phased approach to rate increases as part of its long-term financial planning. This lack of due diligence undermines the justification for an SRV. Unjustified Financial Impact on Ratepayers The proposed rate increase imposes significant financial hardship on residents and businesses, particularly given the current economic climate and rising cost of living. IPART requires councils to assess and justify the affordability of the proposed increases, and in this case, the council has not adequately demonstrated how it will mitigate the burden on ratepayers. Lack of Demonstrated Community Support IPART expects councils to show that ratepayers understand and support the proposed increase. The low participation in the councils survey is not an indication of consent but rather a sign of dissatisfaction with the options presented. The lack of meaningful engagement means the proposal does not meet the standard of community backing required for an SRV. Given these concerns, I urge IPART to reject this application and require the council to undertake a more transparent, responsible, and community-focused approach to addressing its financial needs. Sincerely, Zoe Barber

Zali Steggall MP
FEDERAL MEMBER FOR WARRINGAH

Independent Pricing and Regulatory Tribunal

2-24 Rawson Place

SYDNEY NSW 2000

Re: North Sydney Special Rate Variation Application

Dear Members of the Independent Pricing and Regulatory Tribunal (IPART),

I write on behalf of constituents concerned about North Sydney Council's application for a Special Rate Variation (SRV) of 87.5% over two years. This proposal has raised significant concerns among residents who have continued to raise concerns relating to the cumulative effects of inflation, rising mortgage repayments, and increased insurance and energy costs.

Community Engagement and Transparency

In accordance with the Special Variation Guidelines, any proposed SRV must be supported by extensive, meaningful and transparent community engagement. However, many residents have expressed to me that they were unaware of the full scale and long-term implications of the proposed rate increase.

I urge IPART to closely examine the effectiveness and reach of the Council's community consultation process, and whether it has genuinely captured the community's views and level of support.

Financial Justification and Efficiencies

IPART's assessment criteria rightly require councils to demonstrate that any proposed increase is essential and that alternative options have been exhausted. I ask that you examine that North Sydney Council has thoroughly considered internal savings, service reviews, and efficiency measures prior to pursuing a rate variation of this magnitude.

A rate increase of nearly 90% is extraordinary and must be matched by exceptional justification. It is critical that the Council's financial strategy, long-term asset planning, and operational decisions clearly show that the SRV is both necessary and proportionate.

Units 4-6, 8-28 The Corso Manly NSW 2095
P: 02 9977 6411 E: zali.steggall.mp@aph.gov.au

Impact on the Community

Residents across North Sydney are diverse in background and circumstance. A steep rate increase of this size risks placing an unmanageable burden on vulnerable community members, including retirees, renters, young families and those on fixed incomes.

The long-term financial sustainability of local governments is vital, but it must be balanced with fairness and community capacity to pay. A phased, modest approach to rate increases is far more appropriate and aligns with both the intent and spirit of the IPART guidelines.

Conclusion

I respectfully ask IPART to closely consider:

- Whether North Sydney Council's proposal is fully integrated with its IP&R documents;
- Whether community consultation has been inclusive, timely, and transparent;
- Whether financial need has been clearly demonstrated and alternative options exhausted;
- Whether the scale of the increase is reasonable and equitable, in light of community capacity and economic pressures.

Thank you for your careful assessment of this application.

[redacted]

Zali Steggall OAM, MP

Member for Warringah

Level 2/17-19 Sydney Rd Manly NSW 2095
P: 02 9977 6411 F: 02 9977 8715 E: zali.steggall.mp@aph.gov.au

Author name: Name suppressed

Date of submission: Saturday, 1 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Dear Madam/Sir, The North Sydney council request to increase our rates by 87% over the next two years is an extremely unreasonable proposal. To then retain this as a base for our future rates is shocking to say the least. The request should be knocked back on grounds that the community should not have to pay for the mismanagement of our funds by the council. Their lack of ability to negotiate a building contract around the North Sydney pool building project shows us their complete incompetence. It shows us that they are unable to mange the rates paid to them by us the rate payers. For us to agree to give them more of our hard earned wages ongoing would only make it look like the community is accepting of their incompetence. Those in administration should be held accountable as they would be in the private sector. The north Sydney pool closed in February 2021 during this time Monte Sant Angelo college in Miller St North Sydney built a multi storey building in less that 2 years with significant engineering complexity (opened early 2023) , this is just one of many examples of construction done during the tough time of Covid and rising building costs. Please note that we also have seen other areas of the waste of money within our area by the council. An external body should look at other ways that this pool (disaster) could be paid for. In the meantime the administration of North Sydney council who were responsible to oversea the budget, contracts and management of the pool build need to be removed and the CEO and CFO should resign. Thank you for the opportunity have a voice in this matter. Thank you, [redacted]

Author name: Name suppressed

Date of submission: Saturday, 1 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I strongly oppose the 87% rate increase by the North Sydney Council. Whilst I completely understand the rates are subject to inflation every year, such a significant increase is unjustified. The North Sydney Council claim that the proposed increase will bring in $544 million addition revenue but only $150 million is assigned to fund new projects. It is important to understand/confirm: (i) what the remaining $394 million is needed for; (ii) measures taken by the Council to reduce any of its own wasteful/inefficient or fraudulent activities resulting in loss of money; (iii) proposed improvements to streamline and increase efficiency of the Council's operations; (iv) the basis for the Councils assumption that the rise has relatively low potential for mortgage and rental stress; and (v) why the 87% increase cannot be achieved in instalments over the next 4 years or that, if the 87% increase were to be approved now, a guarantee that further rate increases will be frozen for the next 4 years, to make it easier on its constituents.

Author name: Name suppressed

Date of submission: Saturday, 1 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I support a rate rise to cover the reasonable costs to NCC for maintaining and upgrading the excellent services, facilities and amenities it offers. Certainly not the amount proposed. . This is excluding however the costs of the NSyd pool debacle . The NSyd constituents have had no input or control other than to trust their elected councilors and should not bear the costs of the debacle . Overall the pool is used by a small percentage of rate payers and the benefit of the rebuild is minimal . For those who use it The pool is in an iconic location and serves a number of purposes- squad or casual swimming; leisure, events and social activities. It also provides a beach like viewing from the harbour of those who choose to lounge in the Sun. Its a tourist attraction similar to some well known tax payer funded Harbour beaches. The costs of the rebuild should be separated and funded by alternative sources Perhaps another body could take responsibility.

Author name: Name suppressed

Date of submission: Sunday, 2 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Thank you for this opportunity to comment on North Sydney Council's application for a special rate variation. The assessment criteria listed in the IPART Fact Sheet provide a convenient structure for my comments: - North Sydney Council has not demonstrated that additional income is required. Over the past few months, there have been a number of detailed and informed opinions (e.g. by former councillor Ian Curdie) circulated around the community that Council has sufficient funds to meet expenditure requirements - even those anticipated for the redevelopment of North Sydney Pool. Council has not answered those opinions. - Given that Council was telling the community at the time of the 2024 local government elections that it was in a strong financial position, it has clearly failed to provide timely evidence of the need and extent of the proposed rate rise. - A significant rise in rates is not reasonable and will adversely affect all rate payers - businesses and residents. I have seen no communication from Council concerning their assessment of the impact on budgets of the proposed increase in rates. - (Addressing last two points on Fact Sheet). As with all aspects of this proposal, there have been few attempts by Council - by either elected councillors or senior staff, to address the community on these matters. North Sydney has an effective system of precinct committees whereby local residents and businesses can be informed, discuss and communicate to Council opinions on matters affecting them. I keep myself informed on matters before my local precinct committee (Lavender Bay) and I have seen no attempt by Council to directly explain through the precinct committees their actions or proposals concerning planning, cost containment and other relevant matters. Furthermore, there has been no direct communication to residents via mail or letter box drops. In short, the need for this rate rise has been withheld from the community at the critical time of the 2024 local government elections, and by not explaining and justifying their proposal North Sydney Council, is now treating rate payers with contempt.

Author name: Name suppressed

Date of submission: Sunday, 2 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The NS Council needs to just bulldoze the pool site and make it a park, the damage is done now, its irreversible. Dont double our rates to pay for your mistake. Most of the Rate payers don't even use it, Someone should go to Jail for starting the work without having a final price on the work. Also on Hume St near the Cafe "Not Bread Alone" I saw them erect a sign on the road that literally said "Road Ahead" then obviously due to public feedback and embarrassment about such a stupid sign, a few weeks later it was gone. They said it was a legal thing as its a part of a bike lane, but obviously not, else it would still be there. I have pictures, they waste so much money. This is just one example I have listed because I have the photo to prove it, I'm willing to bet there are thousands of examples. Finally, we are in the middle of a cost of living crisis, Surely they want do a series of much smaller rate rises over years to make up needed money.


ROAD
AHEAD

Author name: Name suppressed

Date of submission: Sunday, 2 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The new minimum council rate of $1,200 pa on a separately titled car space owned by a resident who already paid the minimum council rate for the owners residential unit is unfair, and unreasonable. North Sydney Council should increase the maximum number of separately titled car spaces for aggregation to three as Sydney City Council did under Sect 548A of Local Government Act 1993. Council does not provide extra service for resident who owns separately titled car space.

Author name: Name suppressed

Date of submission: Monday, 3 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I object to North Sydney Council's Joint Special Variation - per my attached file. I do not believe that North Sydney Council has adequately explained their need for a Joint Special Variation and appears to be using the North Sydney Pool fiasco as a smoking gun to achieve enormous revenue growth. I do not believe that North Sydney Council adequately disclosed expected costs and funding options when they undertook the vast bulk of community feedback gathering. I do not believe that the North Sydney community has expressed support for the proposed Joint Special Variation. Council and aspiring Councillors did not disclose the Joint Special Variation at the time of the Council elections in September 2024 and so deprived the community of their primary democratic method for responding to the case for or against the variation. i request a rate rise within the existing peg.

IPART Submission:

Opposition to Proposed North Sydney Council Joint Special Variation Rate Rise

Suppressing Name: Please do not publish my name.

Confidentiality: No part of this submission is confidential.

I do not support North Sydney Council's proposed 87% rate rise – joint special variation over 2 years and request a smaller rise within the existing rate peg.

Lack of Demonstrated Need for Additional Income

North Sydney Council argues the increase is for a plethora of initiatives, but is spearheaded by the claimed need to pay back North Sydney Pool debt & they argue is reasonable given North Sydney Council currently has a lower than average household base rate. The requested Special Variation is egregious given that:

- A one or two year special levy may help with pool debt but proposed increases are permanent;
- The amount requested is so far in excess of what is required to meet pool debt servicing or debt reduction;
- Council has access to multiple other sources of capital and income to repay debt with significant signing rights, parking & fine income;
- As one of the most densely populated Councils in Sydney it is logical and not exceptional that North Sydney Council has lower than average rates.

I am also concerned that permanent rate rises as proposed would make it far less likely that North Sydney Council would meet the NSW Government advised new housing targets of 5900 new homes by 2029, as development would become less feasible.

Community Engagement

Lack of context when requesting resident opinions

North Sydney Council has a track record of asking people what they want without a valid or accurate estimate of what it would cost nor detail on how activities would be funded.

Reviewing the consultation papers, I cannot find evidence of costs involved or funding options presented in the community consultation on activities used to support the requested rate rise – prior to explanatory statements relating to the IPART submission. As such, consistent with past behaviour, North Sydney Council's consultation was a 'free' wish list of ideas.

For example, IPART submission Appendix B: 'Communications and marketing collateral (examples)' provides a link to subject area. That Council landing page has cost disclosures, however the materials presented to residents during consultation do not. For example, item 1 on their list, 'Culture and Creativity Strategy' – neither the 'Culture and Creativity Strategy November 2024' nor the 'Culture and Creativity Study August 2024' have any cost disclosures.

The community consultation question, 'Do you support becoming a connected LGA where safe, active and sustainable travel is preferred through the strategic directions and actions detailed in the Integrated Transport Strategy?' provides another case study for lack of response and lack of financial detail being presented at consultation.

Some 30 responses were received demonstrating 'a high degree of support'. However the number of respondents to this question does not evidence significant engagement by residents nor does the question detail costings or how it would be funded. This level of engagement is used to support $38m of expenditure, with over $20m to come from increased rates.

North Sydney Council's claim to community support for targeted activities cannot be viewed as credible with only part of the equation presented and consultation cannot be relied upon as support for funding of ideas generated.

Lack of balance in survey questions

North Sydney Council's survey of resident attitudes to rate rises had a lowest threshold of 47% increase over two years. Clearly setting an extreme increase as the lowest possible level makes for a 'loaded' question and is an inappropriate way of gathering reaction to their proposal, such that no community feedback and support can be claimed.

A more appropriate set of questions would be a balanced 5 level 'Likert' scale, that gives equal weight between strongly support, support, neither support nor oppose, oppose or strongly oppose to any given level of proposed increase.

In preparation for a submission to IPART, community surveys should have included an assessment of rate increase options of the maximum IPART pre-approved level – and then sensible increments, perhaps in 5% jumps, from there.

North Sydney Council has not asked Residents in any balanced way for feedback on price increases and even using 'stacked' questions, only 5% of respondents indicated support. No community support can be claimed for any of the proposed levels of increase.

Council Elections

I have not been able to find a single cost disclosure on any of the items making up North Sydney Council's IPART fee increase application, prior to the Council elections in September 2024.

If Councillors believed there was a case for significant rate hikes, they could have called for these in their election manifesto's. Afterall the Council elections were only recently held. I cannot recall any Council aspirant calling for rate hikes of any level, yet if the community want these rates for services, why didn't aspirants argue for them to their electorate.

Council and Aspiring Councillors had the opportunity to make their case for increased funding – for increased services prior to Council elections yet did not do so. The failure to mention costings and fee increases ahead of Council elections means they have abrogated their right to claim community support for any special variation.

Council Cost Containment Strategies

It is not at all clear that North Sydney Council has finally contained costs on the North Sydney Pool redevelopment nor has the competence to manage its completion. As a result future rate increases may be requested for the same item.

Far better would be to ensure North Sydney Council is held liable for its cost overruns & future management of site before further income support is contemplated.

In such a circumstance an administrator may be a more appropriate option than an egregious special variation. An administrator would be focussed on balancing North Sydney Council's books rather than just boosting income to match unconstrained desired expenditure.

Conclusion

I do not support North Sydney Council's proposed joint special variation and request a smaller rise within the existing rate peg.

Kind regards

[redacted]

Author name: Name suppressed

Date of submission: Monday, 3 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
North Sydney Council Excessive rate increase proposal Poor cost and capital expenditure management To justify the large increase in rates, the North Sydney Council in its plan has front-loaded capital expenditure into Years 1-5 rather than be prudent with scarce financial resources i.e. ratepayers cash. The proposed capital expenditure can be re-sculptured over the entire 10-year period to substantially reduce the magnitude of any rate hikes without any deterioration in ratepayers enjoyment of the existing facilities. New and upgraded infrastructure budgets Social inclusion initiatives There are a number of social inclusion initiatives proposed which are likely to benefit approximately 2% of North Sydney ratepayers, as well as some visitors to the area. In light of the bad decisions by previous Councillors tough decisions are required! These social inclusion initiatives can be delayed into Years 6-10 without having a material effect on residents, thereby avoiding the short-term need to fund $13.1 million of capital expenditure. Current social inclusion infrastructure Year 1-5 - $13.1 million Year 6-10 - $0.0 million Open space and recreation initiatives Despite being relatively densely populated North Sydneys inhabitants are well-served with open spaces. While more and better facilities are desirable, they can be rolled out gradually without creating an undue burden on ratepayers. In Years 1-5, the Council is proposing to spend $23.4 million more than in Years 6-10. By even spreading this expenditure evenly across the ten years the Council could reduce the cash expenditure in the initial 5 years by $11.7 million Open space and recreation infrastructure Total Expenditure Average Annual Expenditure Year 1-5 $30.6 million $6.1 million Year 6-10 $7.2 million $1.4 million Any person managing their own finances would be more responsible than the proposals put forward by the North Sydney Council. By adjusting these two items in the business plan, the Council could lower capital expenditure by $24.8 million over Years 1-5 and dramatically reducing the magnitude of any rate increase. Excessive cash buildup Under the proposed rate increases by 2035, the Council will have built-up cash reserves and investments in excess of $260 million. Given the reliability of rate payments no Council needs a financial buffer of such a magnitude. The North Sydney Council could safely operate with $100 million in financial reserves. Consequently, rates could be reduced by an average of $16 million per annum rather than dramatically increase the cash reserves. The risk of such a cash buildup within the Council could lead to another foolish venture by Councillors, who are not generally financially sophisticated. Summary IPART should reject North Sydneys proposal, and increase rates on average by no more than 20%.

Author name: Name suppressed

Date of submission: Monday, 3 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
this huge rate increase suggested by council was opposed by up to 95%of surveyed rate payers prior to christmas. the elected councillors made no mention of this proposal during the recent local council elections. a rate rise of this magnitude has never been approved by IPART and hopefully never will. .the proposal is divorced from reality as the council mentions it can see no real financial stress from this proposal on rate payers,including those with mortgages ,an unbelievablly ,heartless comment to put in print. i have lived in the north sydney council area,for over 50 years,and this is the most outrageous grab for ratepayer funds with no proper due diligence or economic rationale ever conceived. the council during its whole last term and so far in this term, has not completed its one major project,the North Sydney pool redevelopment and instead has managed it into an apparent complete disaster so far,hence allowing the council to collect huge amounts of further funds for other probably ill conceived projects from already stressed ratepayers would be grossly unfair and unreasonable.

Author name: Name suppressed

Date of submission: Tuesday, 4 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am writing to express my strong objection to the proposed Special Rate Variation (SRV) by North Sydney Council. As a resident of North Sydney, I am deeply concerned about the significant financial burden this increase will place on myself and my community. On top of high mortgage repayments, large increases in insurance, groceries and utilities the cost of living in North Sydney is extreme. There has also been a failure by the council to properly consult, engage and justify to the rate payers of North Sydney. Please read my attached submission in full.

I am writing to express my strong objection to the proposed Special Rate Variation (SRV) by North Sydney Council. As a resident of North Sydney, I am deeply concerned about the significant financial burden this increase will place on myself and my community. On top of high mortgage repayments, large increases in insurance, groceries and utilities the cost of living in North Sydney is extreme. There has also been a failure by the council to properly consult, engage and justify to the rate payers of North Sydney.

Firstly, the recent consultation process conducted by North Sydney Council was fundamentally flawed. The consultation did not present an option for a 0% Special Rate Variation (SRV), or other alternatives such as the sale of commercial properties which I believe is a significant oversight. Forcing ratepayers to agree to a minimum of 65% SRV to simply respond to the submission creates an untrue and inaccurate result. A true result would have included NO SRV as an option, allowing residents to express their genuine preferences. Of those who wrote individual submissions to the council, overwhelmingly, 99% rejected the SRV. Demonstrating the council is out of touch with the community. The timing of the consultation across the Christmas holidays is also flawed as many rate payers were busy with family and other commitments and therefore not monitoring or reviewing the council website for surveys. Hence why many in the community were unaware of the proposed SRV.

A Council 10-year plan conducted in 2024, asking residents about the future of North Sydney was designed around wants not needs and without any disclosure by the council of the financial costs. These desires of residents were also based on the view that the council was in surplus and would be financially transparent. Rate payers' desires to upgrade sporting field for example were unaware of the financial manipulation of council to use these dreams as justification to apply for an SRV. On the Council's website - Your Say regarding "willingness to pay" for the 10-year plan, 78% of respondents said No. Again, the community was ignored by the council, displaying a lack of transparency and proper consultation.

The primary justification for the rate rise is the council's financial sustainability. In fact, the council reported a net operating surplus of $13.05 million in June 2024 budget. The council has now cited a $147 million infrastructure backlog and the $122 million redevelopment cost of the North Sydney Olympic Pool as key drivers for an SRV. However, these financial issues were not disclosed before the election, raising concerns about transparency and the timing of the proposed rate rise. This lack of disclosure prevented residents from making an informed decision and raises serious questions about the transparency and accountability of the council. This was the perfect opportunity for council to consult with the community and yet did not disclose their plan to voters but quickly engaged firms immediately after the election confirming council was already planning to apply for an SRV prior to the election without disclosure to rate payers.

The fiscal challenges must be questioned as revenue is on par with other Councils. For example, currently, for 2025:
- $138 million North Sydney Revenue
- $146 million Willoughby revenue
- $155 million Waverley revenue
- $126 million Woollahra revenue

After the proposed SRV, North Sydney's revenue is projected to be around $190 million.

North Sydney rates should also be compared to similar councils with a CBD such as Sydney or Parramatta. The rates are comparable. As seen below there is no justification for the SRV.

North Sydney	$715.24 rates 2024/2025 - After proposed SRV $1,300
City of Sydney	$668.50 rates 2024/2025
Waverly	$746.92 rates 2024/2025
Parramatta	$790.35 rates 2024/2025

Focusing on the expenditure from the council's proposed SRV, 12%, $60 million is committed to be for the pool and maintenance totalling $191 million. Both can be managed with current rates. New projects and increasing council savings worth $167million and $147million respectively are not essential to the community.

North Sydney Council has shown poor financial management with numerous SRVs since 2011.This demonstrates a reliance by Council to expect an SRV rather than improve fiscal performance.

2011/12 – 2017/18 SRV 5.5% per year
2012/13 – SRV 12.34%
2013/14 – SRV 14.57%
2014/15 - SRV 5.5%
2016/17 – SRV 5.5%
2017/18 - SRV 5.5%
2019/20 – SRV 7%
2021/22 – SRV 7%
2022/23 – SRV 2%

Considering the financial challenges suggested by the Council, I would like to propose alternative solutions that do not place additional financial burdens on residents. Specifically, I suggest the following:

1. **Sell Commercial Properties**: The Council could consider selling some of its retail and business properties to generate revenue without raising rates. The council own's a variety of real estate on Miller Street, Pacific Hwy, Rydge Street, Greenwood Plaza and in Kirribilli to name a few. All worth many millions of dollars. By selling some of these assets provides income as well as prevents the burden of future maintenance costs associated with the properties.
2. **Sell the North Sydney Olympic Pool**: The Council should explore the possibility of transferring the ownership and management of the North Sydney Olympic Pool to the NSW Government. The pool is a tourist icon and an asset to NSW and therefore should be funded by state and federal governments, not by residents, many of whom do not use the pool.
3. **Freeze Staff Pay Rises and Training Budgets**: I recommend that the Council halt any further staff pay rises and suspend training budgets until the next election. This would help reduce expenses without compromising essential services and any increase is completely unjustifiable.
4. **Staff Productivity:** Additionally, I suggest placing a hold on any new staff hires until the next election to better manage the Council's financial resources. Staff need to improve productivity levels across the Council.
5. **Halt Non-Essential Community Events**: Given the current financial strain for households, I propose halting non-essential community events such as art exhibitions and Sunday concerts in the park. Households need to prioritize putting food on the table more than attending these events, which many residents may not consider essential.
6. **Halt Legal Proceedings for the Pool**: Council wasting more money on legal disputes is fiscally irresponsible.
7. **Apply for a Government Low-Cost Loan**: This is not the time to burden ratepayers but can be deferred and paid back gradually with ongoing revenue.
8. **Apply for Increased Grants from NSW and Federal Governments**: To upgrade other iconic infrastructure in North Sydney, including the Oval, which is used by many NSW residents, not simply local ratepayers.
9. **Encourage Businesses to Return to North Sydney**: This will only decrease further with an SRV. After the Metro works and ongoing freeway upgrade, North Sydney needs to be revitalized with restaurants, cafes, and corporate offices. This is what ratepayers need.
10. **Sponsorship of events in North Sydney as well facilities such as North Sydney Oval**: This will increase revenue for the council.

Considering these concerns, I urge IPART to reject the proposed Special Rate Variation and consider the significant impact it will have on the residents of North Sydney. By exploring these alternative solutions, we can find a more balanced approach that addresses the Council's financial needs while minimizing the impact on residents.

Thank you for your attention to this matter.

Sincerely,
[redacted]

Author name: Name suppressed

Date of submission: Tuesday, 4 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The impact on residents will be financial hardship and stress of an elderly population. Councils financial management has been atrocious to date and they have taken no responsibility. I seek transparency and accountability for all council spending and budget allocations. Council claim a rebalance of commercial to residential rate payers is about to be redressed as planning will allow higher rise building as part of the transport corridors resulting in less need to increase rates for the future. All community services should be retained as the population density will increase.

Author name: Name suppressed

Date of submission: Tuesday, 4 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
IPART helps you get safe and reliable services at a fair price. Please help. North Sydney Council should not be allowed to impose such a steep rates hike.

Author name: Name suppressed

Date of submission: Tuesday, 4 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The inability to manage funds and prepare for the future should NOT fall on the rate payer. The Pool is an outrage, on completion local rate payers should receive free access to the pool until the debit is repayed to rate payers and charging local rate payers a yearly parking permit needs to be ABOLISHED. All parties employed and responsible for this should also resign.

Author name: Name suppressed

Date of submission: Wednesday, 5 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
https://www.youtube.com/live/6X3HW1IVwTc?si=xVPlZWC4MIqix8ry The above link will take you to a recording of the North Sydney Council meeting on February 10th, 2025, where the proposed rate rise of 87% was voted on by Council. The recording will allow you to listen to around 40 North Sydney constituents who spoke on the motion. Around 37 constituents spoke against the rate rise and 3 spoke in favour of it. None of the presentations from constituents were included in the minutes of the meeting. Together those who spoke against the rate increase raised excellent issues that North Sydny Council should be exploring instead of inflicting this this massive rate rise on residents and businesses. Constituents also commented on Council's appalling financial management, and their poor process in so-called consulting with the community on this onerous rate rise. If the above link does not work, you can hear the recording of the meeting on Council's website under Council Meetings then click Watch a Council Meeting then click 10 Feb 2025. Like the many people who put a lot of effort into their presentations to oppose the rate rise, I oppose the rate rise. You should reject the rate rise and send North Sydney Council back to the drawing board.

Author name: Name suppressed

Date of submission: Thursday, 6 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Please find attached a PDF document summarizing my feedback on the North Sydney Council proposal to implement an 87% increase in rates for ratepayers through a permanent Special Rate Variation (SRV) and a doubling of the minimum rate over a two-year period. Feedback, presented both graphically and in supporting text, has been provided on the following: 1) Need for additional income 2) Evidence of community awareness and engagement 3) Whether impact on ratepayers is reasonable 4) Council's disclosure of productivity improvements and cost containment strategies Where relevant, the projected financial metrics from the North Sydney Council rate increase proposal have been combined with actual historical data and/or benchmarked against information from other councils to assess whether the proposals are reasonable. Actual historical financial data has been compiled from Annual Reports, released on the Council website. To my knowledge, no information is confidential and can be published on your website. If you have any questions, please do not hesitate to contact me. Thank you.

To: IPART Independent Pricing and Regulatory Tribunal **6 March 2025**

North Sydney Council (NSC) is proposing to implement an 87% increase in rates for ratepayers through a permanent Special Rate Variation (SRV) and a doubling of the minimum rate over a two-year period. These measures are aimed at raising significant funds to address a financial shortfall caused by recent Council mismanagement and a reported "unsustainable financial position".

From 2019 to 2024, NSC's Revenue from Rates and Annual charges have risen from $58 million to $75 million (Annual Reports)—an increase of 29% over five years, which has outpaced inflation. The proposed 87% increase over the next two years is highly excessive compared to previous increases and will exacerbate inflationary pressures.

I am critical of the proposal as it does not present any alternative solutions to restore the council's financial position through detailed cost-cutting programs and it also proposes additional spending on an expanded infrastructure backlog program and a large number of new initiatives (~57 new projects: Delivery Program Attachment2 Appendix 3) despite the council's reported limited financial resources.

1) NEED FOR ADDITIONAL INCOME

Reports on the financial wellbeing of NSC are inconsistent. The NSC 2024 Financial Statements did not highlight any financial challenges yet the Long-Term Financial Plan (LTFP Nov 2024) projects that the financial "position is not sustainable and requires structural change".

Auditor General (30 June 2024) only highlighted 1 Performance Measure (Operating Performance Ratio) being "just below" benchmark due to higher costs.

The proposed rate increases of ~$60M pa are extreme compared to the historical trend (Figure 1) and will generate an operating net surplus of ~$48M pa comparable to a historical surplus average of ~$17M pa.

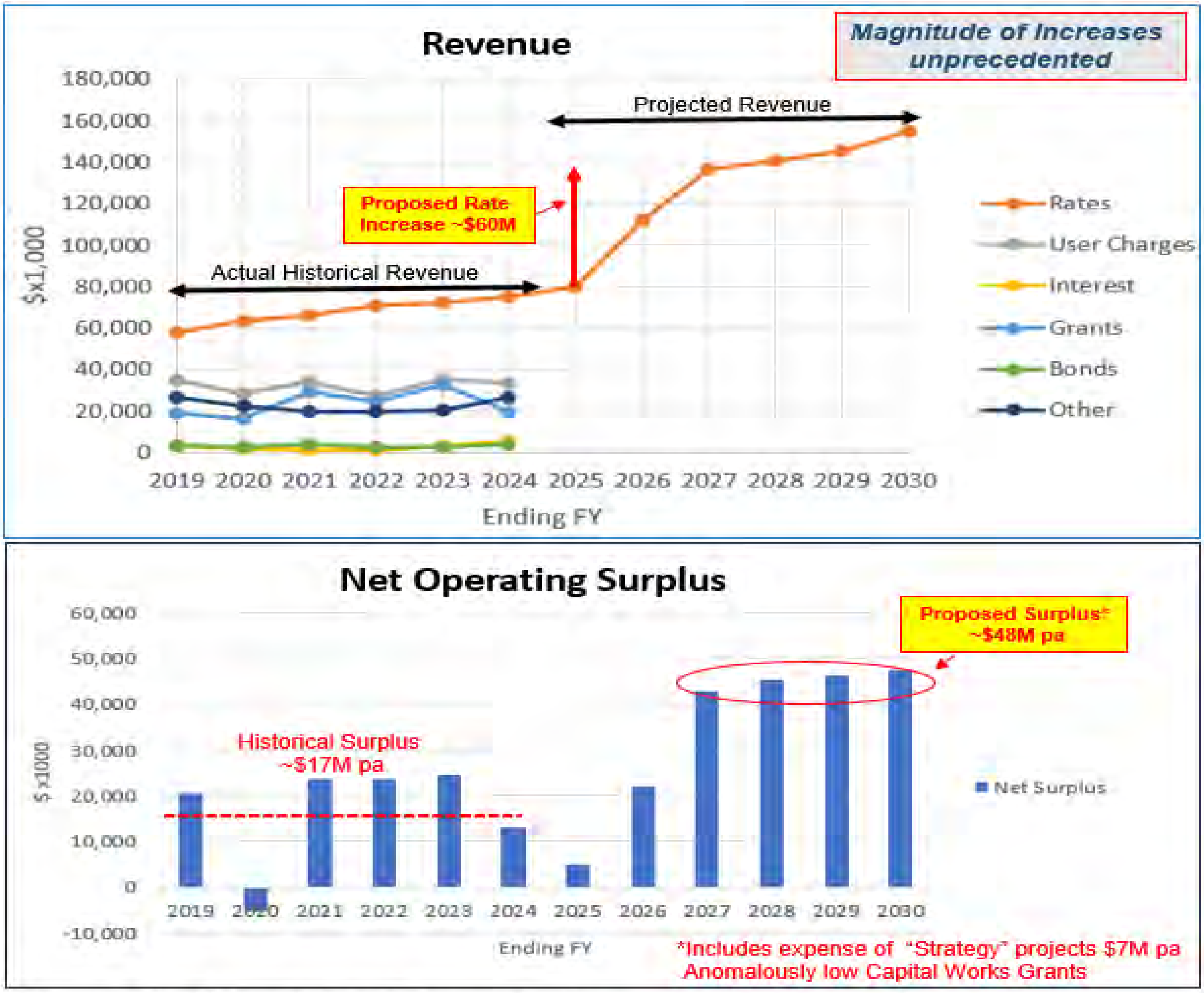


Figure 1: Historical Vs Projected Revenue/Surplus

The council has also expanded/reclassified the infrastructure backlog and proposed additional "Strategy" projects while minimizing the amount of Capex grants to below historical trends (Figure 2).

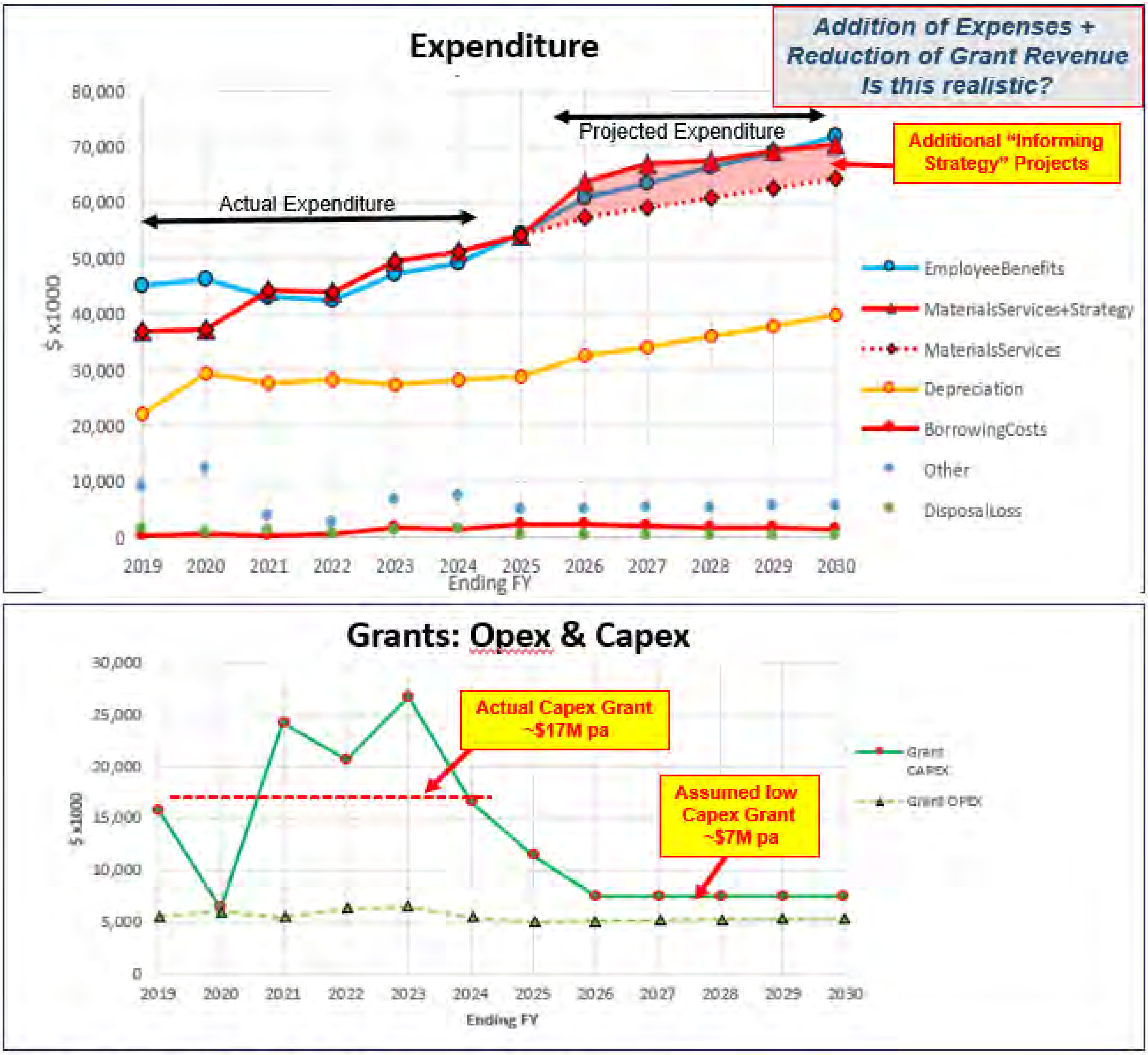


Figure 2: Historical Vs Projected Expenditure/Grants

<u>The magnitude of the projected surplus, the underestimation of Capex grants, reclassified infrastructure backlog and optional inclusion of "strategy" projects raises doubts about the need for the proposed extreme rate increases.</u>

2) <u>EVIDENCE OF COMMUNITY AWARENESS AND ENGAGEMENT</u>

Community awareness and engagement has been limited, as NSC scheduled feedback through the "Have Your Say" website over Christmas holidays, with a deadline of January 10.

Furthermore, it appears disingenuous that the "Have Your Say" submission form on the NSC website:

- only listed Special Rate Variation (SRV) options, with no option that explicitly called for improved fiscal accountability from NSC (Question 9).
- bundled the decision to increase the minimum rate together with the acceptance of a Special Rate Variation (SRV) option (Question 7).
- bundled the decision to incorporate levies into the new minimum rate (Question 8), again implying indirect support for the SRV.

In addition, many of the documents submitted to IPART were not disclosed on the "Have Your Say" website.

By excluding a focus on strengthening financial management, cost-cutting and addressing inefficiencies, the consultation process limited feedback on how the council can better manage its finances before considering substantial rate hikes. In addition to restricting community input by seeking feedback during the vacation period, the views of ratepayers gathered from the misleading bundled options on the NSC submission form are likely to be misinterpreted or even misrepresented.

3) WHETHER IMPACT ON RATEPAYERS IS REASONABLE

Real living standards have declined in Australia due to persistent high inflation (lasting 3.5 years above the RBA target). A staggering 87% increase in Council rates, along with a doubling of the minimum rate, will severely impact a shrinking pool of real income.

The Capacity to Pay Report (CPR: Jan 2025) was not disclosed for public comment on the "Have Your Say" council website. Issues with the Capacity to Pay Report include:

- **If the excessive rate increases proceed (Option 2a), the estimated average residential rates for North Sydney in 2027/28 will be the third most expensive among 14 comparable LGAs**, ranking behind Hunters Hill and Woollahra and ahead of Mosman (CPR Table 24). This is despite North Sydney having smaller block sizes and a larger business base to generate additional council revenue. Furthermore, income measures are missing from Table 24, making a relative comparison to income measures impossible. It would be inequitable if income of the North Sydney LGA residents was amongst the lowest of comparable LGAs whilst paying the third most expensive rates.

- **Pensioners and self-funded retirees will be adversely affected by the proposed excessive rate increases as their available (and usually fixed) income will be significantly reduced.** This group cannot supplement their superannuation to cover excessively increased rates, as they are no longer part of the workforce.
  - The report indicates that approximately 21% of residents in the North Sydney LGA are aged 60 or above (CPR Figure 2) and are likely retired, with 4% being pensioners (CPR Table 9) receiving some form of government assistance. The assumption that senior citizens can absorb an 87% increase in costs over two years is flawed as it goes beyond the scope of any pre-retirement inflation sensitivity scenario.
  - Self-funded retirees' retirement pool is generally fixed at the point of retirement, sensitive to inflation, share market conditions, and may not be indexed to inflation.

- **The conclusion that proportion of rates as a percentage of 2022/23 operating expenses (CPR Figure 5) is "a strong indication that Council's rates are below the level required to service the community" is questionable as (Figure 3)**:
  - The CPR data only represents a single year. Historically, NSC has been able to provide services with a rate-to-operating-expense ratio less than 45%, particularly given the high proportion of businesses in the LGA.
  - The proposed rate increase will elevate the rate to operating expense to 68%, above all group 3 metropolitan councils.

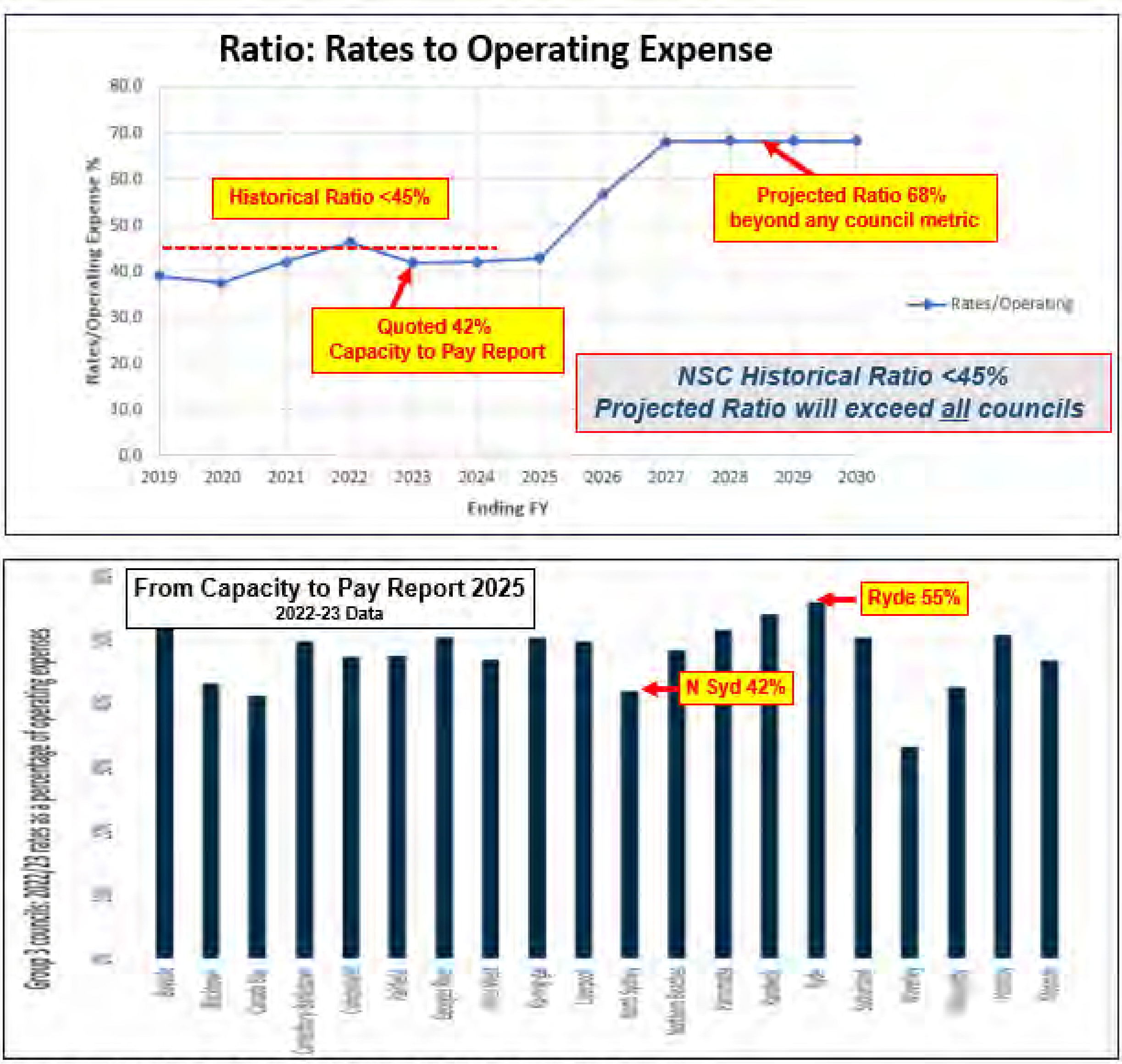


Figure 3: Historical Vs Projected Rates to Total Operating Expense

4) COUNCIL'S PRODUCTIVITY IMPROVEMENTS AND COST CONTAINMENT STRATEGIES

Issues relating to a lack of implementation of cost controls measures as specified Long Term Financial Plan (LTFP Nov 2024) and Submission Part B (Feb 2025) include:

- **Employee benefits are projected to increase the most**, yet there is no strategy to mitigate the increase, nor is there a comparison of FTE headcount to industry benchmark standards (Figure 4).
  - Employees costs are projected to increase 46% from 2024 to 2030 at 6.56% pa, greater than the NSC quoted increase of 3.74% pa over 2014-24.
  - Increased workforce efficiency (lower costs) is not evident despite NSC reorganisations, Process Mapping and IT Systems Upgrades.
  - Lowering headcount while improving efficiency will limit the proposed excessive increases in employee costs, as observed 2019-24.

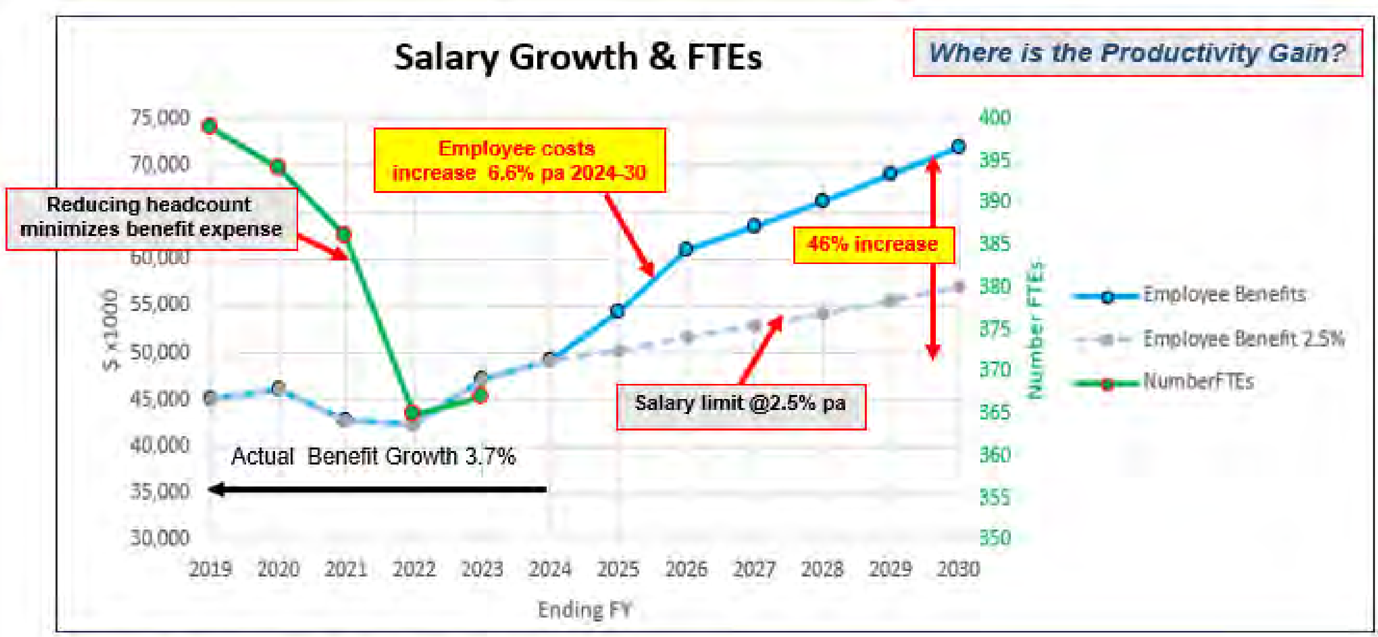


Figure 4: Historical Vs Projected Salary Expense

- **The council's implementation of cost containment strategies is questionable as the reported cost containment to date (Part B) is likely optimistic or ill-defined.** Existing methodologies to quantify cost savings, along with project prioritization, need to be improved to avoid further wasting ratepayer funds.
  - Savings are only realized post payout point (using discounted cash flow). Quoted cost savings (Organisational Improvement Plan) are optimistic as they do not incorporate project setup costs (e.g. Installation costs Solar Power, Cyber Sec upgrades…)
  - Despite council organisational realignment being operational for 2 years (LFTP pages 6,9), NSC states benefits are "difficult to quantify" (Part B p42)
  - Cost savings associated with the introduction of 4 new frameworks and strategies (LTFP p9) are likely to be diminished by increased complexity. Without a breakdown of expected savings and a plan for managing the increased complexity, it's difficult to assess whether these initiatives will deliver a benefit or simply add administrative burden.
- **NSC has not quantified where the scope of the "process mapping initiative" becomes uneconomic to implement.** Rather than employing personnel to achieve "1000 over time" (LTFP p9), the scope should be determined by a cost benefit analysis to identify a cutoff point where the return on implementing diminishes.
- **Consolidating existing levies into ordinary rates would reduce accountability**, as these levies are currently allocated for specific purposes. Merging the levies into ordinary rates presents a significant risk that these amounts could be subject to future SRV inflationary adjustments, as is the case with the current proposals.

In relation to improving efficiency:

- **NSC does not address efficiencies associated with reducing project cycle time**. Delays in project completion result in assets that are not generating revenue as planned, which leads to additional costs for ratepayers to maintain cash flow.
  - For example, the delay in completion date for North Sydney Olympic Pool represents over 12 months of lost revenue (>$1.5M). Despite project cost overrun and delays, the decision to spend an additional $250k on the café and gelato bar further increases costs and delays.
- **Why should ratepayers commit to funding expanded programs when NSC cannot execute existing projects efficiently in terms of time and cost.** The LTFP includes allocations to address the "infrastructure backlog," with additional funds for "expanded, new, and upgraded infrastructure." It would be more prudent for NSC to focus on completing current projects within budget and on time, rather than overextending its capacity by pursuing new and expanded infrastructure initiatives.

Author name: Name suppressed

Date of submission: Friday, 7 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
IPART Level 16, 2-24 Rawson Place SYDNEY NSW 2000 To Whom It May Concern, Thank you for the opportunity to address the recent request from North Sydney Council for a substantial increase in rates over and above the reasonable rate peg. I note that IPART does not seem to be the correct entity to address the overarching concerns of the community as stated on your Fact Sheet page, "We do not assess...issues related to the councils rates, charges, and spending priorities". That said I have attached a letter to North Sydney Council to address those concerns. Below please find information relating to your ability to address some concerns in this instance: 1. Demonstrated Need For Additional Income: Misappropriation and poor management of funds over time does not mean that applying for an 87% increase SRV on this basis is a means for demonstrated need for additional income. What other avenues have been investigated to address the need for more funding? Has the pool been downsized? Has the construction company been held accountable for the blow out in cost? Has any cost recuperation attempt been made to address this cost blow out? Where is the graph that supports income over time from growth and compares North Sydney business numbers and contributions to all other councils on the graphs? Clear transparency in appropriate income streams needs to be addressed first. If North Sydney Council do not have the funds to begin with, they should not be engaging 18500 upgrades to buildings and building an Olympic size pool. What is reasonable based on what is existing needs to be considered. I attribute this to planning the purchase of a convertible Bentley on cafe income budget. 2. Evidence that the community is aware: Petitions and submissions abound against this SRV rate rise. (Council Watch, Change.org, attached, media outlets, community pages etc) 3. Establish that the impact on rate payers is reasonable: No. An 87% increase is not reasonable regardless of comparison of councils in the surrounding area (criteria and background of information is lacking in this comparison). This is why IPART imparts a rate peg. I refer to the current cost of living crisis where every business is jumping on board to cash grab as much as possible. It is not a sustainable answer to increase everything all the time to community members without delivering results. How has NSC (North Sydney Council) demonstrated that the costs won't blow out even further over the next 5 years? Who will then pay for that? Who is responsible for cost containing? I note the Long-Term Planning document has no signature, no responsibility, no accountability, no evidence to suggest it won't blow out again and rates go up unreasonably again). 4. Exhibited, approved and adopted relevant planning documents: As per above comment on Long-Term Planning. Lacking relevant community information and unable to establish clear cost analysis over time considering actual delivery costs and potential blow outs. If you don't have the money to spend to begin with, you should not be spending it until you do. Has the community voted for any of the planning? 5. Explained and Quantified the Councils Productivity Improvement and Cost Containment Strategies: Nil evidence to support this. Providing higher wages does improve productivity and certainly doesn't cost contain. Charging higher rates does not support cost containment. Improved technology has not shown greater productivity. A comparison graph of rates charged against other councils does not show any information about population numbers, business contributions and other relevant monetary input. There is absolutely no evidence for this one in Long-Term Planning. I would also like to add what evidence is there that the community would like to implement all of these upgrades at a cost to the community? Increasingly we see blow outs in costs on projects that are not held accountable. Who is to say this will not continue, causing more requests for higher rates. We can not continue to punish the community in these instances. Continued rate rises and in particular a jump like this is not a "sustainable future" for community members. If cost blow outs are not held accountable this type of request will continue year on year. Not sustainable. Lastly, a suggestion can be made that IPART update the OLG assessment criteria to: 1. Provide alternative forms of funding apart from rate rises in the request 2. Establish accountability for the parties involved 3. Establish responsibility for departure in costs 4. Establish reasonability for project numbers and size based on existing funds 5. Establish if the community has actually voted for the plans Thank you for opening up submissions for consideration against the NSC SRV. In summary, the SRV is unreasonable and unsustainable. Yours sincerely, [redacted]

Sam Clark
Community Engagement Specialist
North Sydney Council
[redacted]

Dear Sam,

Thank you for the opportunity to express concerns regarding the unusually large increase to North Sydney Council's rates that the Council has raised recently. I understand that the community has also expressed concerns (via petitions) and IPART has now become enlisted to address a portion of these concerns.

I appreciate IPART's role in the assessment on behalf of the community, however IPART is not able to address the root cause of the problem and is therefore not the correct entity for the community to challenge this phenomenal rate increase. This is supported by IPART's statement as follows:

"*There are several aspects that fall outside the scope of our typical SV assessment. These include issues related to the council's rates, charges, and spending priorities*...". IPART goes on to say that they will not assess whether "*their council has been inefficient with its funds ... they disagree with how a council has decided to allocate its funds for future projects".*

If the above information is true, the community is challenged with the lack of ability to address the main concern, the council rate increase and spending priorities, via IPART. The rate increase and spending priorities are outlined by the Long-Term Planning document from North Sydney Council (no responsible name attached I note) based on the cost of an Olympic size pool blow out and attempts to forecast infrastructure and growth needs of the community. While the graphs compare North Sydney to other councils, they do not provide information on demographics, population, the number of businesses in the local council, and the overall comparison of each council against criteria over time. This is the information that needs to be addressed from a cost perspective, not the rate comparison. If for instance, North Sydney is growing in residential opportunities, has a higher number of businesses contributing, has increased population, continued construction projects, what does this look like from a financial perspective over time? Do these and other factors put North Sydney in a better financial position in 5 years time without having to impact the council rates at such a drastic increase? Why would we not consider upgrades to the 18500 building renewals (!) in a different light and look for alternative means to fund these based on entities that inhabit these buildings, necessity of upgrades and how we can minimise cost to manage. What is the priority of an Olympic size pool? Who is accountable for the blow out and why is the construction company not accountable also? Has North Sydney Council sought any recuperation of costs from this construction company for not providing an adequate cost up front to begin with?

These questions and many others are not able to be addressed by IPART. I therefore call for a review of the entity who is currently responsible for addressing the concern (IPART), and **request further delegation to the appropriate authority to fully and appropriately address the concerns of the community. Please forward to and address with the relevant party.**

Yours sincerely,

[redacted]

Author name: Name suppressed

Date of submission: Friday, 7 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
In my view the SRV proposal has a number of serious flaws in that: It is poorly conceived. It conceals the extent to which the North Sydney Olympic Pool debt is not the major driver of the SRV by conflating it with the wider issue of long-term financial sustainability. It has been poorly consulted and the views of the community have not been properly represented in the proposal. It fails to make all relevant information available to the community (and possibly to councillors). It is disrespectful and inequitable to NSC ratepayers. It therefore fails to meet several of the criteria specified by the Office of Local Government against which IPART must assess such applications and should therefore be REJECTED. The detailed reasons for my submission are contained in the attached document.

Submission to IPART re North Sydney Council SRV

The North Sydney Council application for a Special Rate Variation and an increase in the minimum rate does not meet the criteria specified by the Office of Local Government against which IPART must assess such applications.

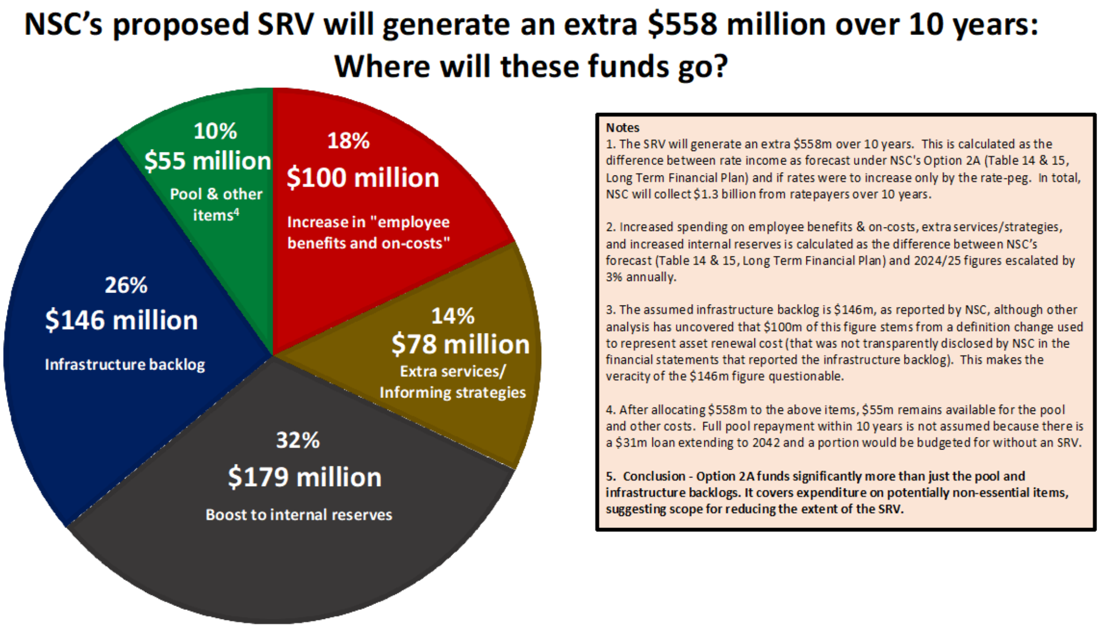
For the following reasons, it should therefore be **REJECTED**.

The process of engagement with the community lacked in integrity, credibility and transparency

- The alleged significant problems with Council's financial situation were not disclosed to residents during the initial consultations on the IP&R documents which were held during May and June 2024.
  This meant that the feedback to Council on what the community desired in the CSP, the assets it wanted to have put in place and the condition of those assets was not based on credible financial information in the LTFP and the community was misled as to what could be achieved within the financial resources available.
- If such information had been presented, and the need for additional funds made clear, the community may well have reduced the level of its ambition, rather than face a rate rise, however it was not given that option.
- Council's desire for such a large rate increase was not disclosed until just **after** the 2024 local government election when Councillors knew they would not face the voters again for another 4 years. The blowout in the cost of the North Sydney Olympic Pool (NSOP) and the alleged critical financial situation of Council were also not disclosed until **after** the election.
- This meant that this critical matter of a rate rise was not an election issue and the residents were unable to express their displeasure at the ballot box, thus undermining local democracy.

There is no justification provided for the size and scale of the proposed SRV

- The size and scale of the alleged financial crisis which has given rise to this enormous SRV application has been manufactured by Council and lacks a basis in reality.
- Council sold this to the community as a big budget crisis, precipitated by the allegedly unexpected blowout in the cost of the NSOP (as the Mayor repeatedly claimed in radio interviews) which justified an urgent and steep increase in rates of between 65% and 111%.
- However, the purported allocation of additional funds for these purposes, as canvassed in the consultation document, the "NSC SRV Factsheet", was **not** what was is now proposed in the SRV itself.
- In fact, the SRV proposal is for a rate rise which would be **permanent, not temporary** and which would raise an **extra** $558 million over 10 years (as shown below) of which:
  - Only **10%** ($55m) will be used on *NSOP debt repayments*.
  - Only around **one quarter** ($146m) will be spent on the claimed *urgent infrastructure backlog* (and this figure may well be an inflated artefact of accounting changes).
  - And **one third** ($179m) will simply be a *boost to Council's internal reserves* ie sit in the Council's bank account and fund pet projects.



(With thanks to Cllr James Spenceley who has made this information available.)

- However, this income and expenditure breakdown was **not** provided in the consultation documents or the information provided to residents in the NSC SRV Factsheet or in the LTFP or Asset Management Plan (AMP).
- Clearly the community was egregiously wrongly advised that this SRV was urgent and was driven by the NSOP cost blowout and the alleged financial sustainability "crisis".
  This is obviously untrue and the financial justification for nearly doubling the Council rates is based on false information.
- The justification for the SRV which was presented to the community in the consultation process, and to IPART in the SRV application, and is therefore at best **misleading**, and at worst, **false**, and should be **rejected by IPART**.

The community consultation process on the SRV was deeply flawed and does not meet the OLG requirements test

In addition to the matters relating to the deficiencies in the consultation process set out above, there were additional problems with the process that render it unable to meet the criteria required by OLG for appropriate consultation regarding SRVs.

It should not be accepted by IPART as adequate and appropriate consultation because:

- It was held over the Christmas-New Year period, when many people are away and are generally not focused on such matters.
- The issue of general financial sustainability, which is common to most councils, was conflated with the issues relating to the NSOP debt.
  It was therefore impossible to separate those issues out in the LTFP or the SRV options and make an informed decision on the SRV proposal.

- Both the LTFP and the SRV options made the untested and unexplained assumption that it is necessary to repay 70% of borrowings for the NSOP in the next 10 years.
  This conflates the general issues of financial sustainability with the issues relating to the requirement to repay the debt incurred through the egregiously poor decision making on the NSOP (which has been acknowledged by Council).
- During the consultation period conflation made it impossible to determine how much of the SRV would be used to pay off the NSOP debt, whether and how much of the SRV, if any, was to be restricted to use for that purpose, how much would be used on the separate issue of achieving long term financial sustainability, and how much would be used for other issues.
- It also obscured the fact that when the NSOP is finally paid off, the increase in general rates which was used for that purpose would simply go towards increasing the ongoing operating rates income, even when the purpose for which the additional rates were levied no longer exists.
  This is demonstrably unfair and inflates the proposed long-term rate increase level unnecessarily.
- In the survey, respondents were *not given the option to reject a rate increase*.
  Limited "SRV options", were presented, ranging from a 65% to a 111% increase.
  Selecting the "base case" of **NO SRV**, which was set out in the consultation documentation, was not presented as an option. Question 9 said: "Preferred funding option: (select one): Required so submissions can be categorised for analysis purposes."
  It listed **only** the 4 SRV options and it was impossible to complete and lodge the survey without selecting one of them as the preferred option.
  This meant you could not choose to support anything less than a 65% increase.
  The "analysis" presented to Council therefore failed to present a fair view of ratepayers' opinions as they were not given the opportunity to indicate if they opposed the SRV.
  Even so, only 5 per cent of survey respondents supported the option that council eventually endorsed.
- This is *poor consultative practice and disrespectful to ratepayers.* They should have been given the option to reject any rate increase and direct Council to maintain the current rate settings by reducing expenditure by cutting services and projects.
  It also provides clear evidence that Council had already made its decision on this matter before bothering to consult the community, so the "consultation" was just for "show" and to look like the OLG/IPART requirements had been met, rather a proper consultative process.
- Question 10 of the survey was a meaningless question for the community to answer.
  It stated: "With Options 2a, 2b and 3, for every $100 of total rates income received over the next ten years, an average of up to $13.50 would be spent on new projects, services and initiatives outlined in the Informing Strategies. Would you be willing to pay this?"
  This does not indicate:
  - How the average sum of $13.50 per $100 was calculated.
  - Which scenario in the LTFP the $13.50 applies to.
  - Why the average is the same, no matter which option is selected.
  - How much the rates increase year on year depending on the SRV option.
  - How much of the notional $100 would be spent on paying off the NSOP debt each year.

  - How much of the notional $100 of “total rates income” relates to the Domestic Waste Management Charge and is therefore not available for any other purposes.
  - Whether those who said no did so because they thought the amount was too much, or for some other reason.

  The percentage of yes or no answers provided in the analysis to Council was therefore of no value as the question did not enable people to make a meaningful judgement as to whether $13.50 is a reasonable amount.

- The survey requested feedback on the AMS and the Delivery Program, however, the detailed (4 year) Delivery Program is irrelevant until the outcome of any SRV application is known and the LTFP and AMS (on which the DPOP is based) are revised accordingly. A new Delivery Program will then be required.
  These questions are therefore meaningless as the financial information on which they would be based is not available.
- NSC has therefore conducted a **flawed consultation process** in relation to the IP&R, especially regarding the LTFP and the AMP and it **should not be accepted by IPART** as meeting the criteria for the proposed SRV.

Conclusion

In my view the SRV proposal has a number of serious flaws in that:

- It is poorly conceived.
- It conceals the extent to which the NSOP debt is not the major driver of the SRV by conflating it with the wider issue of long-term financial sustainability.
- It has been poorly consulted and the views of the community have not been properly represented in the proposal.
- It fails to make all relevant information available to the community (and possibly to councillors).
- It is disrespectful and inequitable to NSC ratepayers.

It therefore fails to meet several of the criteria specified by the Office of Local Government against which IPART must assess such applications and should therefore be REJECTED.

Author name: Name suppressed

Date of submission: Friday, 7 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Inflation is at an all time high Thus all goods n services related particularly to home ownership are burdening the meagre income we have. The rate increase proposed by North Sydney council is exorbitant. As a retired, I am not ready to move till retirement/death home . Having worked hard for 39 years to pay mortgage n associated expenses n maintenance im just needing time to settle at home. Many R in my situation. The north Sydney council has misappropriated finance n bungled the swimming pool de development n been evasive in seeking accountability from developer. Councillors should b ashamed of themselves for mishandling public funds n development Councillors R elected in good faith to manage but north Sydney councillors have been enjoying non-performance perks. Council Rates must not b increased at all since councillors have failed their duty of management. Council finds it easy to bung costs on sitting ducks ie the residents North Sydney councillors shud b sacked

Author name: Name suppressed

Date of submission: Saturday, 8 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I believe that this council has lost control. It has shown that through the development of the North Sydney pool and other public works, including the needless concrete bike paths and replacement of a fully functional playground that the staff it employs cannot manage its finances and assets responsibly. This council needs to go into administration, its staff need replacing and its books need to be balanced with existing funds. It is the definition of insanity to give a single cent more to this council. Separately, the staff should be investigated for not releasing its financial information prior to the last election, giving the community no opportunity to stop this at the ballot box. Please, stop this madness completely. Save the existing funds and assets by installing an Administrator to replace the current staff and council. Hire from the private sector.

Author name: Name suppressed

Date of submission: Sunday, 9 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I have owned and lived in my residential property at [redacted] with my wife and family. I am now 82 years of age and my wife is 80 years of age. Our children have married and moved on. We are pensioners and money is tight. It is ludicrous for North Sydney Council to propose a dramatic increase in rates because of their past erroneos financial decisions. An administrator should be appointed to provide the people of North Sydney with adequate services and proper financial planning. Any rate increase should not exceed the level of inflation.

IPART

Email: ipart@ipart.nsw.gov.au

09 March, 2025

Submission re: North Sydney Council SRV Application 2025-26

Submission by:

[redacted]

1) Key Points

North Sydney's SRV application is unjustified and unreasonable and must be rejected outright by IPART. IPART must ***not*** approve a lower increase. I support Councillor Jessica Keen's request for IPART to conduct a public hearing into this SRV application. There is strong community interest in this case.

I would also welcome any decision by the Minister for Local Government, Ron Hoenig MP, to send administrators into this council to reduce expenditure and implement financial reforms.

The council's financial position is strong. There is no "financial crisis".

The council has engaged in unnecessary expenditure, and plans to increase such expenditure, which is not in the interests of residents struggling with increases in the cost of living.

The council's plan is to take an extra $558m from residents in the next ten years, which is preposterous. Much of the proposed expenditure is unnecessary or ill-defined. The veracity of their figures cannot be relied upon.

The current council rates in North Sydney are not "low" compared to other LGA's with CBD's such as City of Sydney and Parramatta.

Residents are not able to afford such an extreme increase in rates. The proposal would cause great hardship to residents and businesses. The council shows no empathy for residents.

The mayor and council administrators are indifferent to the wishes of residents, and out of touch.

The mayor and senior council administrators have been less than forthright in dealing with the public and with IPART.

Most residents would be content if the council delivers basic services in a competent manner, and keeps the cost in line with inflation.

North Sydney residents are upset and angry, and have lost confidence in the council.

The council is unwilling to implement necessary financial reforms

The council refuses to implement alternative financial measures. It has plenty of property investments which can be sold, and it can raise cheap finance through NSW Treasury

The "Community Survey" was seriously flawed and biased, nevertheless 95% of respondents still opposed an extreme SRV. I lodged a formal complaint (see below) with the council about the biased nature of their survey.

The council is following the same playbook as it did with its 2019 SRV application – with a big publicity campaign, a biased community survey, and suspect financial information. This shows a consistent pattern of behaviour over a period of years. I also lodged a formal complaint about the 2019 survey (see below).

In response to the 2019 SRV, three councillors lodged an objection (see below) with IPART, saying that the community survey was biased, the SRV was unjustified, and the financial numbers unreliable. Ironically councillor Zoe Baker made a damning indictment of the 2019 SRV application, but now as mayor is defending the 2025 SRV application which has the same failings, but on a much larger scale.

In my opinion, it is critically important for IPART's own credibility that you reject this SRV application in its entirety. If you fail to act against such an obvious and egregious case, then IPART's reputation will be irreparably damaged. There will be an open question as to whether IPART serves any useful purpose, and there may be calls for its abolition. Please do not let down the residents of North Sydney.

2) North Sydney's SRV application is unjustified

North Sydney council's application for an SRV of 87% in 2025-26, following its successful application for an SRV of 40% in 2019, is ridiculous, and must be rejected by IPART. There is no "financial crisis" and most of the council's proposed expenditure over the next ten years is unnecessary. The council has engaged in unnecessary expenditure in the past, and is intent upon continuing to do so, with no plans for cost-cutting or financial reforms. Either the mayor and senior council administrators are financially incompetent, or they are disingenuous, or both. They are not acting in the best interests of residents but are in fact indifferent to their wishes and have disregarded all opposition. Residents and businesses are not in a position to see their rates doubled, at a time of a high cost of living. They just want the council to provide basic services at a cost which does not exceed inflation. IPART must not approve a lesser increase. The council must comply with the basic rate peg.

I support Councillor Jessica Keen's request for IPART to conduct a public hearing into this SRV application. There is strong community interest in this case.

I would also welcome any decision by the Minister for Local Government, Ron Hoenig MP, to send administrators into this council to reduce expenditure and implement financial reforms.

3) The council's financial position is strong. There is no "financial crisis".

At the time of writing, the council continues to enjoy an operating and cashflow surplus, and its debt of $60m (of which $30m was for the olympic pool refurbishment) is tiny in proportion to its Net Assets of $1.66bn.

There is no "financial crisis".

The North Sydney olympic pool will re-open early in 2025, therefore the cashflow drain from this project is now at an end.

As per the council's Financial Statements at 30th June, 2023, (see Appendix), its financial position was strong, with net assets of $1.66bn. Revenue is $158m. Net operating income is $25m. The council has current investments and property investments of $179m. Non-current borrowings were $33m, which is small relative to net assets. The debt service cover ratio is 8.11x.

The council is extremely fortunate to earn substantial revenues from sources other than rates, such as investments, carparks, parking meters, fines, user charges and fees. Of its total revenue of $158m, only $72m is from rates.

A substantial proportion of the revenue from rates revenue is from businesses rather than residents.

There is no reason why the council should not be able to organise its financial affairs so as to continue operations and meet its obligations without imposing an extreme SRV on residents.

4) The council has engaged in unnecessary expenditure.

The council wasted $122m refurbishing the North Sydney olympic pool. This was a clear case of financial mismanagement.

The council spent over $1m in legal fees arguing about the heritage value of the MLC building.

North Sydney Council has just ***started*** installing a new bike lane in Grosvenor St / Young St Cremorne and removing the roundabout. This is clearly not a council in "financial crisis" as the mayor would have us believe. They continue to spend scads of ratepayer money on completely unnecessary discretionary expenditure.

This latest cycle lane project has zero planning merit, zero community support, and makes no financial sense.

The council has spent millions installing random cycle lanes all over the place, which no-one asked for, and are rarely used. They are hazardous to motorists, pedestrians and residents.

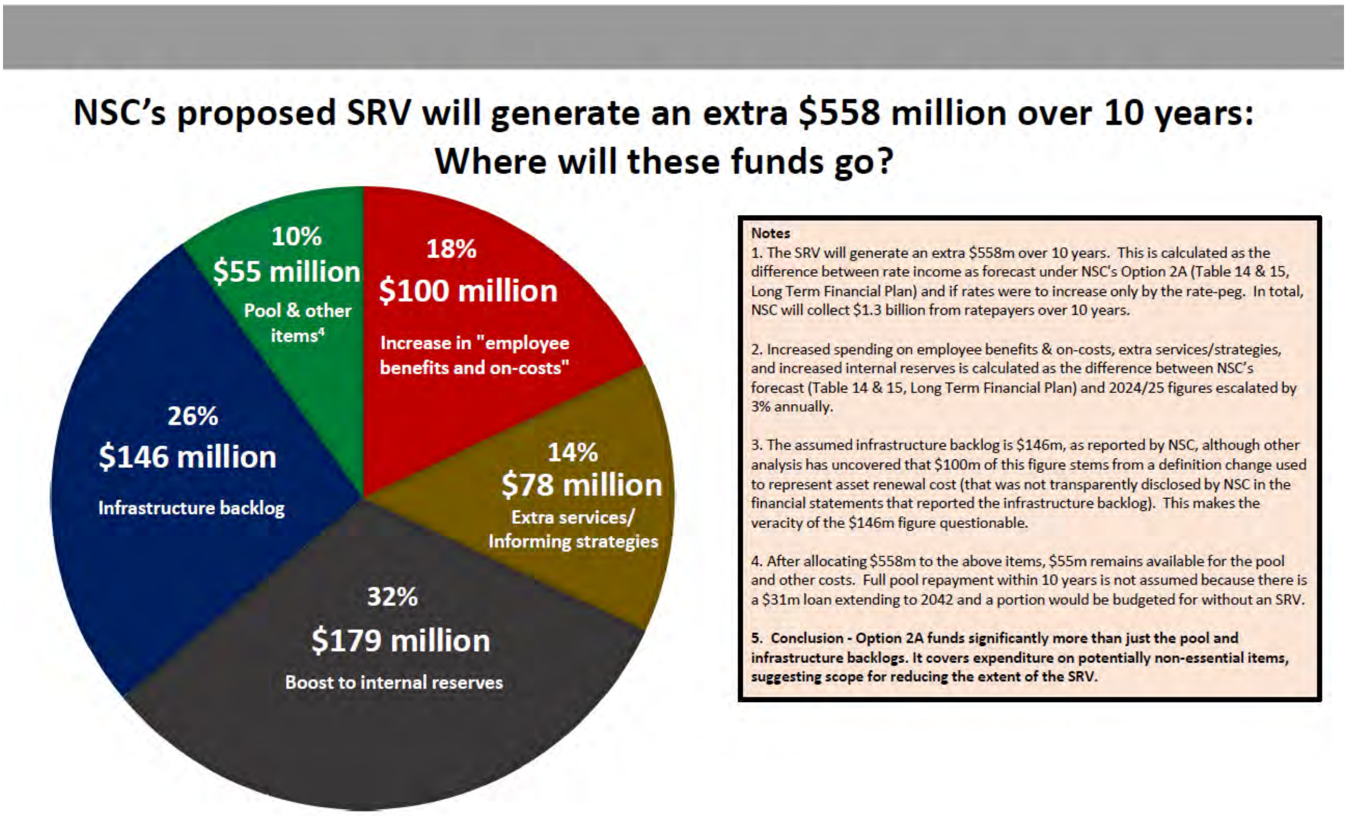
The mayor and council administrators seem to think that this uncontrolled spending will turn North Sydney into some sort of "eco-utopia", which is delusional. They appear to be driven by misplaced ideology rather than confining themselves to the delivery of good quality basic services. The LGA is characterised by tower blocks, freeways, heavy traffic congestion, and a shortage of parking. Regardless of what the council thinks, North Sydney will never be a "green transport" paradise

5) The council's plan contains unnecessary expenditure. Where will the extra $558m go?

The council's SRV application would take an extra $558m from residents in the next ten years, which is preposterous. Much of the proposed expenditure is unnecessary and the numbers provided are unreliable.

Councillor James Spenceley has provided the following analysis of the council's plan showing where the extra $558m would go:

> - $35m Financial strength - repairing deficit
> - $112m financial strength - building reserves
> - $167m Informing strategies - new infrastructure & costs
> - $112m Infrastructure renewals
> - $139m Infrastructure backlog
>
> Council has many assets that can be sold, I'm yet to receive an adequate answer as to why we can't sell some of the office space and retail shops, other than "now is a bad time to sell these" or "they are returning more than our term deposits or interest cost"



6) The current council rates in north Sydney are not "low" compared to other LGA's with CBD's

The council has compared its revenue from rates to nearby councils as below:

Currently Council's revenue is already in-line with LGA's used by Council as a comparison (2025).
$138m North Sydney Revenue
$136m Willoughby
$155m Waverly
$126m Woollahra

~**$195m** North Sydney after the rate rise

However, Councillors James Spenceley, Efi Carr and Jessica Keen have pointed out that it is only valid to compare North Sydney with other areas which contain a CBD, such as **City of Sydney and Parramatta.**

This is because North Sydney receives a large proportion of its revenue from business, and from parking, fees and charges. The area also contains a large number of small residential units. However, the council's SRV application omitted comparisons with City of Sydney and Parramatta rates.

The Councillors say that "A thorough review must include the inclusion of omitted critical comparisons, clarification of discrepancies between forecast deficits and actual cash surpluses over the next 10 years, and evaluation of alternative revenue sources such as potential asset sales, government grants, and efficiency programs.

North Sydney residents pay dearly for parking, fees and charges.

7) Residents are not able to afford such an extreme increase. The proposal would cause great hardship to residents and businesses. The council shows no empathy for residents.

In the last ten years, there has been no increase in real incomes in Australia.

For the past three years, Australia has been in a per capita recession.

The council is extremely callous in saying "Residents can afford it, so we will take as much money as we want, then spend it as we see fit".

I am a self-funded retiree, in my 70s, and I have lived in the area for more than forty years. I have a limited income, and although I live frugally, I am severely affected by increases in the cost of living, such as strata fees, insurance, utilities petrol and food. If this extreme SRV is approved, it will simply mean that my savings will run out sooner, and I will be forced to rely on the aged pension.

Regardless, it would be unconscionable for IPART to reward the financial ineptitude of the council leadership by giving them even more ratepayer money to spend unwisely, whilst providing nothing in return.

The council also argues that residents are "wealthier" than elsewhere and can afford to pay more, which is nonsense, and in no way justifies handing more money to a council known for its financial incompetence.

Newspaper article not published due to copyright reasons

[redacted]

8) The mayor and council administrators are indifferent to the wishes of residents, and out of touch.

For many weeks, the mayor has been publicising the supposed need for a massive rate rise, saying that there is a "financial crisis", and that the increase is "essential for financial sustainability". However, I do not believe there is any such crisis, nor that there is any justification for such an extreme increase.

At the meeting of 10th February, the decision to proceed with an SRV application of 87% was already made in advance, before the meeting even started. Mayor controls a voting bloc, which pushed through the decision, taking no notice at all of the community objections. About 40 residents spoke at the meeting in opposition to the proposal, and over 100 residents, many with placards, protested outside.

Councillor James Spenceley proposed an amendment for a lower SRV and an exemption for pensioners. The mayor refused to accept the amendment. The mayor and her team appear to have a controlling voting bloc, and are unwilling to listen to other voices.

Yet the council took no notice whatsoever of the dissenting voices, and submitted the SRV application to IPART within hours of the conclusion of the meeting.

The council then refused to allow the dissenting councillors (James Spenceley, Efi Carr and Jessica Keen) to see the formal IPART application. The councillors were unable to see it until it was published by IPART on 25th February.

There has been no genuine community consultation. The "Have Your Say – SRV" online survey was severely biased, and I made a formal complaint about it.

Even so, Councillor James Spenceley has advised that over 95% of respondents to the survey were opposed to the SRV.

The mayor and her voting bloc, and the council administrators, are resolutely determined to push ahead with this extreme measure, and will not brook any opposition. They are indifferent to the wishes of residents and businesses, and have no empathy for those who will be impacted.

This 87% SRV application, on top of the 40% SRV in 2019, and their unnecessary expenditure (both past and planned) amounts to maladministration. The current council leadership is not acting responsibly or with financial competence. It is not working in the interests of residents whom it is duty bound to serve.

9) The mayor and senior council administrators have been less than forthright in dealing with the public and with IPART.

The North Sydney Sun has reported that the council omitted details of community objections from its submission to IPART:

https://northsydneysun.com.au/community-politics/ipart-extends-deadline-for-consultation-on-council-87-rate-hike/

Meanwhile, discrepancies have been identified between the North Sydney Council minutes published on its website and those submitted to IPART as part of its application for the SRV. The version provided to IPART omits background details and a record of speakers, meaning the tribunal would not be aware that over 30 individuals provided feedback – much of it negative – during the 10 February council meeting.

Further scrutiny of submission timing shows that North Sydney Council uploaded its minutes and other parts of its application to IPART between 11:06 pm and midnight on 10 February, moments after the council meeting concluded. Given this timeline, the SRV submission to IPART could not have incorporated community feedback provided during the meeting, raising concerns about whether council adequately considered the input before finalising its application. According to one reader, the absence of this information in IPART's records suggests the community's views may not have been fully considered by the council before lodging its application.

The council also failed to include comparisons with City of Sydney and Parramatta in its application.

The mayor's public statements have been misleading; there is no "financial crisis".

There has been no genuine community consultation. The "Have Your Say – SRV" online survey was severely biased, and I made a formal complaint about it (see below). Nevertheless, Councillor James Spenceley has reported that at least 95% of respondents were opposed to the extreme SRV.

The proposed expenditure plan for an extra $558m over ten years includes a lot of unnecessary expenditure, together with figures whose veracity is uncertain.

10) North Sydney residents are upset and angry, and have lost confidence in the council.

About 40 residents spoke in opposition to the SRV at the council meeting on 10th February, 2025, as reported in the Sydney Morning Herald.

Over 100 residents protested inside and outside the building.

Press article: "Sack them all -- unconscionable and daylight robbery":

https://www.smh.com.au/national/nsw/sack-them-all-north-sydney-councillors-vote-for-87-per-cent-rate-rise-at-rowdy-meeting-20250207-p5lagt.html

[redacted]

Press article: "Small business – Completely Unreasonable and Unacceptable:"

https://www.news.com.au/finance/small-business/completely-unreasonable-and-unacceptable-businesses-slam-insane-rate-hike-by-council/news-story/df35af6400a883aa9bbf4ce28128cda2

Newspaper article not published due to copyright reasons

11) The Council is unwilling to implement necessary financial reforms.

Councillors Efi Carr and Jessica Keen put forward a motion at the meeting on 10th February, 2025, that the SRV proposal be withdrawn, and instead that the council should focus on immediate financial reforms and cost-cutting. However, this motion was rejected.

North Sydney Sun:

Newspaper article not published due to copyright reasons

[redacted]

12) The council refuses to implement alternative financial measures. It has plenty of property investments which can be sold, and it can raise cheap finance through NSW Treasury.

Councillor James Spenceley says: Council has access to fixed rate Tcorp government loans, with a completely fixed/stable revenue base (and pricing power), there is no reason Council can't have a much higher level of debt. For example the pool is planned to only be 40-50% funded by debt. In the corporate world you need to be conservative about the level debt, markets change as does your revenue but a government entity is different, perhaps the people putting this plan together have not adjusted fully from the commercial world to that of the finances of a government body.

Long and short of it, there is definitely a book of work in fixing our assets, there is clearly additional funding needed for the pool *but* a huge amount of the money is being used to "repair the finances", in essence this is trying to plan for and save for a rainy day … in the middle of a rainy day! There will be plenty of time to repair the finances but not at the same time as you are proposing increase spending on infrastructure renews, new infrastructure and backlogs and the un-budgeted pool expenses.

That said, there are a number of ways to reduce the impact of the rate rise but it takes a desire or interest or curiosity to explore them, it is pretty clear there is no interest in anything other than making the rate payers, pay.

13) IPART must *not* approve a lower increase. The extreme 87% SRV application looks like an ambit claim. IPART must *reject* the application entirely. The council must comply with the basic rate peg.

IPART must ***not*** approve a lesser increase. To do so would be a slap in the face to residents struggling with the cost of living, and would reward the council leadership in whom residents have lost confidence. It would be a mistake to take increased funds from residents, and give these to a council known for its financial incompetence.

The council must reduce unnecessary expenditure, cut costs, and implement much needed financial reforms. Meanwhile, it must comply with the basic rate peg, and stop taking extra money from long suffering ratepayers.

The council's application for an extreme increase of 87% looks decidedly like an ambit claim. That my well be their Plan A, but in the event that the proposal is knocked back, they would most likely be more than happy with a lower increase of say 20%, as Plan B. IPART must ***not*** play a part in such shenanigans. The application of 87% must be rejected outright. End of story.

In 2019, IPART approved a 40% rate increase for North Sydney, which was also unjustified.

The Minister for Local Government, Ron Hoenig MP has told councils they needed to be “extremely cautious” about issuing “ridiculous” demands “because we’re in a cost-of-living crisis and now is not the time for councils to be asking for excessive rate increases when people are struggling to make ends meet”..

I would like to see the minister appoint administrators to North Sydney council to reduce expenditure and implement financial reforms.

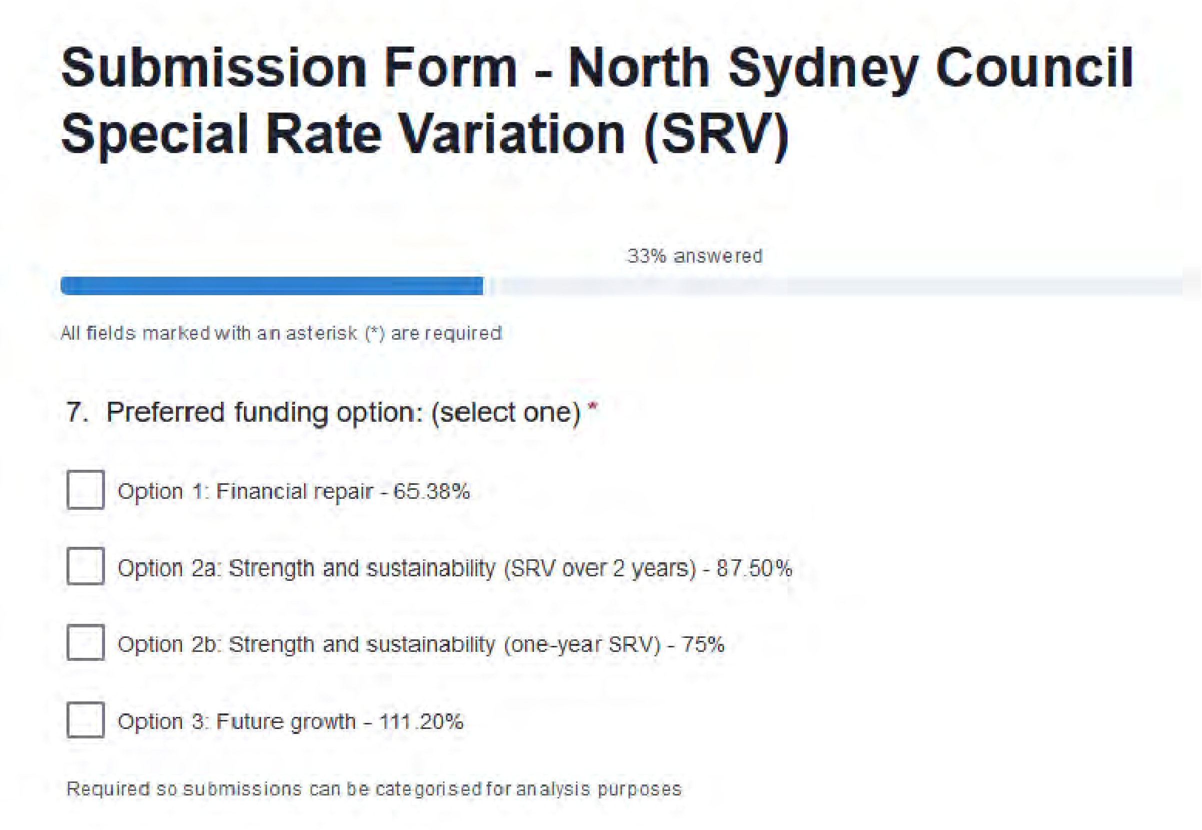
IPART must not allow the current council regime to spend a penny more than the basic rate peg until such time as (a) the minister has appointed administrators, or (b) after the next council election.

14) The "Community Survey" was seriously flawed and biased, nevertheless 95% of respondents still opposed an extreme SRV.

The council's "Community Survey" for the proposed SRV was biased and severely flawed. Nevertheless, Councillor James Spenceley has advised that **95% of respondents were opposed** to an extreme SRV.

Please note that, if as part of its SRV application to IPART, the council claims to have conducted a genuine unbiased community survey, finding that "The community values the services which it receives, and overwhelmingly supports an increase in rates" (as the council claimed in its 2019 SRV application), then I recommend that IPART should REJECT such a claim, and such findings should be deleted from the application, and IPART must question the veracity of the application's entire contents.

I lodged a formal complaint with the General Manager of North Sydney Council (see below). People who responded to the "Have your Say" online response form could only choose a rate increase of between 65% and 111% (Question 7).



Submission Form - North Sydney Council Special Rate Variation (SRV)

33% answered

All fields marked with an asterisk (*) are required

7. Preferred funding option: (select one) *

- [ ] Option 1: Financial repair - 65.38%
- [ ] Option 2a: Strength and sustainability (SRV over 2 years) - 87.50%
- [ ] Option 2b: Strength and sustainability (one-year SRV) - 75%
- [ ] Option 3: Future growth - 111.20%

Required so submissions can be categorised for analysis purposes

The council cannot be trusted to run an honest and impartial community survey which accommodates those opposed to an SRV or who would prefer a lesser increase.

15) The council is following the same playbook as it did with its 2019 SRV application – with a big publicity campaign, a biased community survey, and suspect financial information. This shows a consistent pattern of behaviour over a period of years.

In 2019, three councillors, **Zoe Baker (now the mayor), MaryAnn Beregi, Tony Carr** made a formal submission to IPART alleging that there was **no financial justification** for the 40.26% SRV and that the **"community consultation" survey was biased** (see below).

The council's previous "Community Survey" for the 2019 SRV was similarly flawed, and I also lodged a formal complaint at the time about the biased presentation of that survey (see below).

For the 2019 SRV, the council strongly pushed for the most expensive Scenario 3 (a 40.26% increase), and the "community survey" disparaged the rate peg option Scenario 1 (a 14.10% increase). In the survey, users were told that if they chose Scenario 1 they would lose services, and they were asked to nominate the services they would be willing to lose. Thus respondents were strongly pushed towards Scenarios 2 and 3.

When the council presented the results of its "Community Survey" to IPART along with its (successful) application for Scenario 3, the council stated that "The community values the services which it receives, and overwhelmingly supports Scenarios 2 and 3".

16) My Complaint to council 2025. "Have your Say – SRV". The council's online form is biased and does not accommodate ratepayers who are opposed to an SRV.

Formal Complaint sent to North Sydney Council by email

Date: 05/12/2024

EMAIL No. 2

To: council@northsydney.nsw.gov.au

From: [redacted]

Subject: Complaint - Have Your Say Submission Form - SRV. There is no opportunity to vote for "No SRV". The online form is biased.

Dear Ms. Manns,

Further to my complaint earlier today as below, my concern is that the current "Have Your Say – SRV" online form is invalid because it does not accommodate ratepayers who oppose an SRV.

There is nowhere on the form where users are asked "Do you support an SRV application Yes/No?"

And Question 7 does not include an option for "No SRV", but compels respondents to choose a minimum increase of 65%.

As such, in my view this does NOT constitute a valid "Community Consultation", and hence the results should NOT be presented to the meeting of councillors in February, nor to IPART.

You may recall that something similar happened with the SRV application in 2019, hence my previous complaint of November 2018 about the biased presentation of the survey.

I am afraid that history is about to repeat.

At that time, the council strongly pushed for the most expensive Scenario 3 (a 40.26% increase), and the survey disparaged the rate peg option Scenario 1 (a 14.10% increase) - users were told that they would lose services under the rate peg and were asked to nominate those to be foregone.

Then when the council presented the results of its "Community Consultation" to IPART in 2019 along with its (successful) application for Scenario 3, the council stated that "The community values the services which it receives, and overwhelmingly supports Scenarios 2 and 3".

I questioned the validity of the "Community Consultation" in 2019, and am questioning it again now.

Yours Faithfully,

[redacted]

<u>EMAIL No. 1</u>

Date: 05/12/2024

To: council@northsydney.nsw.gov.au

From: [redacted]

Subject: Complaint - Have Your Say Submission Form - SRV. There is no opportunity to vote for "No SRV". The online form is biased.

Attention: **General Manager:** Ms Therese Manns

Complaint

Dear Ms. Manns,

I am lodging this complaint with you first, as required by the Office of Local Government complaints procedure.

I refer to the "Have Your Say" online submission form regarding the proposed SRV, as per the link below.

https://yoursay.northsydney.nsw.gov.au/srv/surveys/srv-survey

In Question 7, which is mandatory, as per the screen shot below, the ratepayer is required to choose Options 1 (and SRV of 65%) to 3 (an SRV of 111%).

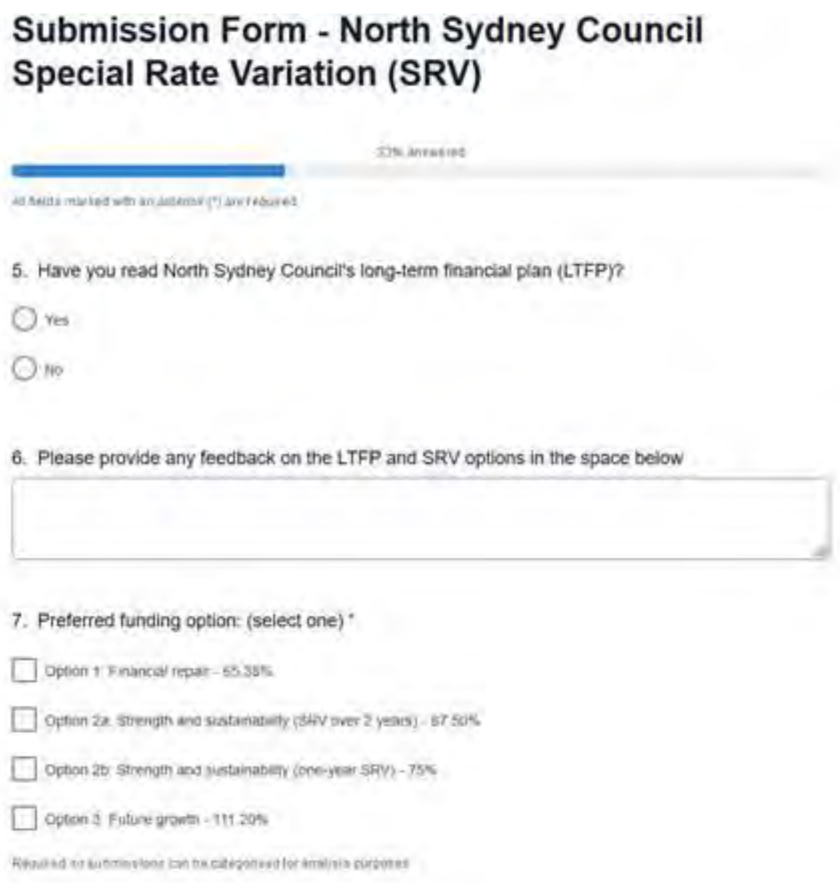
However, there should be an option for "No SRV".

Ratepayers who are opposed to any SRV and who wish to make an online Submission are currently unable to save the form unless they agree to an SRV of at least 65%.

This is highly improper, and gives the perception of a deliberate attempt to skew the survey results in favour of the council's preferred position and to silence any ratepayers who might oppose it.

Please amend this online form immediately to allow ratepayers to opt for "No SRV".

Please note that this is the second occasion on which I have complained to the council about biased surveys – last time I was assured that this was completely unintentional and inadvertent.



Submission Form - North Sydney Council Special Rate Variation (SRV)

5. Have you read North Sydney Council's long-term financial plan (LTFP)?

- Yes
- No

6. Please provide any feedback on the LTFP and SRV options in the space below

7. Preferred funding option: (select one) *

- Option 1: Financial repair - 65.35%
- Option 2a: Strength and sustainability (SRV over 2 years) - 67.50%
- Option 2b: Strength and sustainability (one-year SRV) - 75%
- Option 3: Future growth - 111.20%

Yours Faithfully,

[redacted]

17) My Complaint to council 2019. The "Community Survey" for the SRV in 2019 was also biased.

<u>Formal Complaint sent to North Sydney Council by email</u>

Date: 16/11/2018

To: 'yoursay@northsydney.nsw.gov.au'

From: [redacted]

Subject: Complaint - Biased Presentation of Survey - Proposed SRV and Minimum Rate Increase.

Dear North Sydney Council,

I have just completed the online survey about the proposed rate increase, as per your confirmation email below.

I wish to lodge a complaint please:

The presentation of both the letter which was mailed out and the online survey were improperly biased in favour of Scenario 3 (the council's desired outcome), and against Scenarios 1 and 2. This is unfair and unacceptable.
The letter which you mailed to ratepayers and also the online survey focus on the supposed "loss of services" which would be necessary under Scenario 1.
I strongly favour Scenario 1 – rate peg only. This provides for a cumulative increase of 14.10% over 5 years. There is no reason why the council should be unable to provide a reasonable level of service with a 14.10% increase in rates. Most households and businesses have to live within a budget tied to the CPI, so the council should do the same.
Your wording is misleading by focusing on the prospect of a "loss of services". That is a dishonest way to frame a survey, and likely to mislead the public and possibly skew the results.
I have never before been asked to answer a survey question saying "Please nominate which services you would like to lose" – that is quite a blatant attempt to influence the outcome.

Regards,
[redacted]

18) Council's response to my complaint about the 2025 SRV

Council agrees to make Question 7 non-mandatory, but respondents are still not provided with any other options

Date: 14/12/2024

To: [redacted]

From: YourSay <yoursay@northsydney.nsw.gov.au>

Subject: Your feedback to question 7 on North Sydney Council's Proposed SRV

Dear [redacted]

Thank you for taking the time to contribute to the consultation and provide your feedback on the Special Rate Variation proposal to ensure the long-term financial sustainability of the North Sydney Local Government Area (LGA).

The North Sydney Council is committed to ensuring transparency and community involvement in our decision-making processes. Your input plays a vital role in helping us understand the community's views and priorities as we consider this proposal.

As part of our engagement process, we are carefully reviewing all submissions received during the consultation period. These contributions will inform Council's deliberations and be included in the final report to be presented at a future Council meeting.

We have taken on your feedback and made a change to the survey which means that question seven is no longer mandatory to answer.

If you have any further questions or additional feedback, please do not hesitate to contact us at yoursay@northsydney.nsw.gov.au or (02) 9936 8100.

Thank you once again for participating in this consultation.

Kind regards,

[redacted]

Sat 14/12/2024 12:11 AM
YourSay <yoursay@northsydney.nsw.gov.au>
Your feedback to question 7 on North Sydney Council's Proposed SRV
To [redacted]

Dear [redacted]

Thank you for taking the time to contribute to the consultation and provide your feedback on the Special Rate Variation proposal to ensure the long-term financial sustainability of the North Sydney Local Government Area (LGA).

The North Sydney Council is committed to ensuring transparency and community involvement in our decision-making processes. Your input plays a vital role in helping us understand the community's views and priorities as we consider this proposal.

As part of our engagement process, we are carefully reviewing all submissions received during the consultation period. These contributions will inform Council's deliberations and be included in the final report to be presented at a future Council meeting.

We have taken on your feedback and made a change to the survey which means that question seven is no longer mandatory to answer.

If you have any further questions or additional feedback, please do not hesitate to contact us at yoursay@northsydney.nsw.gov.au or (02) 9936 8100.

Thank you once again for participating in this consultation.

Kind regards,

[redacted]

YourSay

yoursay@northsydney.nsw.gov.au

Official Receipt of my Complaint from the Office of the CEO

Email:

To: [redacted]

From: council <council@northsydney.nsw.gov.au>

Subject: FW: Complaint - Have Your Say Submission Form - SRV. There is no opportunity to vote for "No SRV". The online form is biased.

Enquiries: Office of the CEO Division
Tel: (02) 9936 8100
Our ref: NSC ECM 10252093 & 10254190.

10th December 2024

Dear [redacted]

RE: Complaint – Special Rates Variation - Have Your Say Submission Form

Thank you for your correspondence of 5.12.2024 (2 emails), Council would like to acknowledge receipt of your complaint.

Council's Office of the CEO Division will investigate the matter you have raised.

In accordance with Council's policy for complaint handling, the investigating officer should be contacting you within 10 working days to advise you of their progress. If there are any delays, you may contact Council to enquire about the progress.

Thank you for bringing this matter to our attention as we rely on feedback such as yours to improve on the service we provide. If you would like to discuss this matter further, please contact the Council Division listed above on 9936 8100 and quote the above reference.

Yours sincerely,

Team Leader Information Management
Per: KP

Tue 10/12/2024 4:02 PM
council <council@northsydney.nsw.gov.au>
FW: Complaint - Have Your Say Submission Form - SRV. There is no opportunity to vote for "No SRV". The online form is biased.
To [redacted]

Enquiries: Office of the CEO Division
Tel: (02) 9936 8100
Our ref: NSC ECM 10252093 & 10254190.

10th December 2024

Dear [redacted]

RE: Complaint – Special Rates Variation - Have Your Say Submission Form

Thank you for your correspondence of 5.12.2024 (2 emails), Council would like to acknowledge receipt of your complaint.

Council's Office of the CEO Division will investigate the matter you have raised.

In accordance with Council's policy for complaint handling, the investigating officer should be contacting you within 10 working days to advise you of their progress. If there are any delays, you may contact Council to enquire about the progress.

Thank you for bringing this matter to our attention as we rely on feedback such as yours to improve on the service we provide. If you would like to discuss this matter further, please contact the Council Division listed above on 9936 8100 and quote the above reference.

Yours sincerely,

Team Leader Information Management
Per: KP

council
council@northsydney.nsw.gov.au

19) Council's response to my complaint about the 2019 SRV – council says it will "review and consider for future consultations" but has obviously not done so.

Date: 28/11/2018

To: [redacted]

From: 'yoursay@northsydney.nsw.gov.au'

Subject: Complaint - Biased Presentation of Survey - Proposed SRV and Minimum Rate Increase.

Dear [redacted]

Thank you for your email. Your complaint has been referred to me for review/response.

> Thank you for completing the SRV online feedback form and for providing feedback. We have taken on board your feedback regarding the cover letter and feedback form questions. It was not our intent to be biased. We will review and consider for future consultations.

Let me know if you have any further questions.

Regards

[redacted]

[redacted]
Manager Integrated Planning & Special Projects

P [redacted]
E council@northsydney.nsw.gov.au

www.northsydney.nsw.gov.au

Wed 28/11/2018 1:23 PM
yoursay <yoursay@northsydney.nsw.gov.au>
RE: Complaints - (1) biased presentation of survey - Proposed SRV and Minimum Rate Increase; and (2) biased presentation on recent voting form at council election for method of electing mayor
To [redacted]
Click here to download pictures. To help protect your privacy, Outlook prevented automatic download of some pictures in this message.

Dear [redacted]

Thank you for your email. Your complaint has been referred to me for review/response.

1. Thank you for completing the SRV online feedback form and for providing feedback. We have taken on board your feedback regarding the cover letter and feedback form questions. It was not our intent to be biased. We will review and consider for future consultations.
2. With regards to the 2017 Constitutional Referendum about the popularly elected Mayor; per the Electoral Commission procedures, we were not allowed to ask a neither/nor question, must put a proposal.

Let me know if you have any further questions.

Regards

[redacted]

Manager Integrated Planning & Special Projects
[redacted]
E council@northsydney.nsw.gov.au

www.northsydney.nsw.gov.au

20) Council's misleading summary of the 2019 SRV Survey Results

As mentioned above, in the online feedback form for the 2019 SRV, the council strongly disparaged Scenario 1, the IPART rate peg (a cumulative increase of 14.10% over five years), saying that this would result in a loss of services, and asking respondents to select which services they were prepared to lose.

The council strongly pushed for the most expensive option, Scenario 3 (an increase of 40.26%), which IPART ultimately approved.

Despite the disparagement, as shown below, 51% of respondents still chose Scenario 1, and only 21% voted for Scenario 3.

Nevertheless, the council went ahead with Scenario 3.

Similarly in 2025, 95% of respondents were opposed to an extreme SRV, but council ignored them and went ahead anyway.

The council's summary of the 2019 survey, as per its IPART application:

5. Self-elect Submissions

The other 'consult' level of engagement/method offered was self-elect submissions. A total of 549 submissions were received. Submissions were received in a variety of formats. Both the high number of submissions, and the breath of formats by which feedback was received, indicates a high level of awareness of the proposal and the opportunity to have a say.

All submissions received by midnight on 16 January 2019 have been analysed; analysis was conducted in-house. The majority of feedback was received via the Online Feedback Form, hosted on the dedicated Your Say web page. It is noted that:

- some respondents made multiple submissions e.g. completed the Online Feedback Form and made a submission by email or made two email submissions, one for each property they own.
- a small number of submissions had the same content, suggesting a form letter/template;
- some email submissions included IPART as a CC[12]; and
- service requests will be tasked to the responsible officer for review/action; and a response provided to the submitter where warranted.

The following table and corresponding graph detail the total number of submissions by format/source, and categorisation by funding preference indicated. 'Other' includes all objections to the proposed increase and/or to any rate increase.

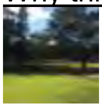
	Scenario 1	Scenario 2	Scenario 3	Other	Total	Scenarios 2 + 3
Online Feedback Form (EHQ)	257	91	104	n/a	452	195
Email (registered in ECM)	18	5	9	35	67	14
Letter (registered in ECM)	0	1	0	6	7	1
CRM	1	0	0	2	3	0
Verbal	0	1	0	6	7	1
Precinct Committees	1	0	0	5	6	0
Amended IPR Plans	2	1	2	2	7	4
TOTAL	**279 51%**	**99 18%**	**115 21%**	**56 10%**	**549 100%**	**215 39%**

21) Objection to the 2019 SRV by three Councillors. Ironically councillor Zoe Baker made a damning indictment of the 2019 SRV application, but now as mayor is defending the 2025 application which has the same failings, but on a larger scale.

https://www.change.org/p/attention-ipart-objection-to-north-sydney-council-s-proposed-rate-increase-40-increase-from-today-s-rates

Objection: North Sydney Council's Proposed Rate Increase (40% increase from today's rates)

Started
8 March 2019
Petition to
IPART (North Sydney Council Rate Rise Objection) and 4 others
Why this petition matters



Started by North Sydney Independent

As the three independent Councillors on North Sydney Council, we **strongly oppose** North Sydney Council's application to the Independent Pricing and Regulatory Tribunal (IPART) to increase rates by 7%pa for 5 years from 2019/2020. Such an increase reflects a 40% increase in rates from what you pay today.

Please find below our submission of objection to IPART. You are welcome to adapt any of the content as you see fit.

The contact details for IPART: John Madden, email: [redacted] localgovernment@ipart.nsw.gov.au, Phone: 9113-7780, by post: PO BOX K35, Haymarket Post Shop, NSW 1240, by hand: Level 15, 2-24 Rawson Place, Sydney 2000.

We ask that you sign this petition and also write/email a letter of objection. The decision to seek such a significant increase in rates is unjustifiable for the reasons outlined below.

Kind regards, Crs Zoe Baker, MaryAnn Beregi, Tony Carr

Attention: [redacted] IPART

Objection: North Sydney Council Special Rate Variation application 2019

We are independent councillors on North Sydney Council and write to express our strong concerns in relation to Council's application for a Special Rate Variation (SRV).

We ask IPART to **reject** North Sydney Council's application for a 7%pa increase in rates for five 5 years, starting in 2019/2020. We outline our reasoning below.

Background

The decision to make this application was not unanimous. Four of the ten councillors voted not to apply for a SRV. We are three of those four who opposed the application.

Cr Baker was elected to North Sydney Council in 2008. Crs Beregi and Carr were elected to North Sydney Council in 2012.

Cr Baker has served as a Director of Local Government NSW and was part of the previous SRV application by North Sydney Council. Cr Baker has also served as Deputy Mayor.

Cr Beregi and Cr Baker have both served on Council's Audit and Risk Committee and Cr Carr has been the Co-Chair of Council's Finance Workshop since its establishment in 2014.

Cr Beregi has formal qualifications in mathematics and statistics, holds a Master of Science from Oxford University, managed the Chartered Accountants' Professional Program as well as having worked in the finance sector. Cr Beregi has also served as Deputy Mayor.

Cr Carr has an extensive management background in the banking and finance sectors and holds a Master of Business (Applied Finance).

Both Cr Beregi and Cr Baker hold an Executive Certificate for Elected Members in Local Government (UTS).

The majority of those councillors who voted to make this application for a SRV had only been recently elected to the Council in September 2017.

In our experience, the first 12 months as a first time elected councillor are challenging and provide a steep learning curve in order to understand local government generally and the intricacies and unique characteristics of local government accounting and finances.

We therefore make this submission based on our experience and in-depth knowledge of Council's financial position and workings.

In short, we urge IPART to reject the application to increase rates by 7% over the next 5 years for the following reasons:

No financial justification

North Sydney Council recently concluded a SRV which was approved by IPART and ran from 1 July 2012 to 30 June 2018. The purpose of that SRV was initiated to address structural issues as a result of rate freezes in the 1980s and historically low rates at the commencement of the rate pegging regime.

The last SRV was promoted to the community (and accepted) as a “one off” rate increase (SRV) to address a structural issue. This structural issue has now been fixed.

There is no evidence put forward by Council to suggest that the recently concluded SRV was unsuccessful. Further, there is no evidence to suggest that a further, even higher, SRV is necessary or justified.

Indeed, there is significant evidence to the contrary - North Sydney Council is in sound financial shape. For example,

* Council continues to run and project surpluses (unusual in local government),
* Council has significant reserves (more than $37 million) notwithstanding a deliberate policy over the last 5 years to reduce the infrastructure backlog by utilising reserves for that purpose,
* Council meets and exceeds Office of Local Government financial benchmarks.

Flawed modelling used to justify the requested increase

The North Sydney Council modelling for the rate variation is flawed.

The “planning assumptions” set out in the Resourcing Strategy publicly exhibited in May and December 2018 does not include:

* the significant projected increase in new rateable residential and business properties as a result of current construction and State government policies set to deliver significant increases in residential and worker population (more rateable dwellings and commercial buildings);
* existing and future s7.11 development contributions and community benefits and infrastructure to be delivered via Voluntary Planning Agreements;
* detail on Council’s existing and projected investments and interest and actual grant revenue; and
* detail on Valuer-General’s revaluations expected over the next 10 years.

Council also attaches the TCorp Financial Assessment Report dated April 2013 to the SRV application. The TCorp financial reports were prepared for the State Government in order to justify the forced amalgamations of councils across NSW.

These TCorp reports have been widely discredited by LGNSW and various councils, including North Sydney Council. We find it somewhat incredible that Council would now seek to rely on this report as it strongly criticised the accuracy of the conclusions in other forums.

The TCorp report has been put forward by Council as part of Council’s case to justify the SRV on a confidential basis and is not available to the public. This is another example of Council failing to provide adequate information to ratepayers to properly understand the SRV application and should not be relied upon to inform a true understanding of Council’s financial position.

Furthermore, North Sydney Council has not explored alternatives to a rate increase such as alternative revenue streams, service levels, internal efficiencies nor considered the use of special levies tied to specific infrastructure projects such as the existing stormwater levy.

Over the past 12 months, Council has not demonstrated efficient or careful use of Council resources. For example, Council has re-designed and reconstructed a roundabout at Murdoch and Bannerman Streets, Cremorne Point three (3) times. Clearly, Council has not shown adequate care or diligence in the use and allocation of ratepayer funds. There are other examples of such waste and inefficiencies.

Cost of living pressures

In our strong submission, any increase in rates above the rate peg amount cannot be supported in the current economic climate with increased cost of living pressures, including large increases in the cost of utilities, at a time of historic low wages growth and low interest rates (impacting a significant number of fixed income ratepayers).

If approved, by 2024/25 rates will have increased an additional 40% over those paid by ratepayers today.

Inadequate "community consultation"

In May 2018, Council resolved to put three options on exhibition under the title "Resourcing Strategy" and "Delivery Plan". Even the most assiduous reader of Council's website and agenda papers may not have picked up that the exhibited documents related to a SRV to increase rates.

In October 2018 Council resolved to apply for a 7% increase for 5 years and to undertake community consultation over November – December and a late January 2019 Council meeting.

Indeed, on page 52 of the North Sydney Council Application, Council states:

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

This statement by Council to IPART is misleading and does not reflect the community's preferences and willingness to pay.

It was clear that most residents did not understand that the initial "consultation" under the heading "Integrated Planning & Reporting framework" or "Delivery Plan" and "Resourcing Strategy" related to a proposed rate increase – the fact that only 1 submission referred to rate increases underscores this point.

The November-December 2018 consultation material was labelled on Council's website as "Investing in Our Future".

Again, a casual reader would not deduce that this would relate to a rate increase. In fact, all of the publicly exhibited documents, flyers, handouts at the public meetings and consultation material went under the tagline "Investing in Our Future". In our submission, this was misleading.

Council's application in relation to community engagement relies on four (4) public meetings held in November and December 2018. We attended three of the four meetings.

The first meeting held at Norths League Club on Wednesday 7 November 2018, **was not attended by a single resident or ratepayer.** The meeting was subsequently abandoned.

The next three meetings attracted 9, 13 and 14 residents excluding Council staff, councillors and the external facilitators of the meeting.

North Sydney Council has a flourishing and engaged Precinct Committee system. It is telling that most of the Precincts were not involved in the community consultation and did not meet (in order to be able to make a formal submission to Council) until after the exhibition period ended and the Extraordinary Council meeting had been held.

Furthermore, the SRV community consultation was not advertised in the North Shore Times – a local newspaper that covers a significant portion of the local government area. That is, areas that do not receive the Mosman Daily such as Waverton, Wollstonecraft, Crows Nest and St Leonards were not covered in the advertising undertaken by Council. These suburbs are amongst the most densely populated in the North Sydney Local Government Area.

The "community "consultation" cannot be relied upon as it was rushed, undertaken mostly over the Christmas/New Year period and the publicly exhibited documents do not provide sufficient detail to enable residents and ratepayers to make a fully informed decision.

Based on the above and after very careful consideration, we urge you to reject the application for a SRV for the reasons set out above.

Yours faithfully

Councillor Zoe Baker, Councillor MaryAnn Beregi, Councillor Tony Carr

APPENDIX
North Sydney Council Financial Statements as at 30 June 2023

North Sydney Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023	$ '000	Notes	Actual 2023	Restated Actual 2022
	Income from continuing operations			
72,409	Rates and annual charges	B2-1	**72,253**	71,112
29,592	User charges and fees	B2-2	**33,443**	26,923
9,087	Other revenues	B2-3	**9,649**	7,202
5,457	Grants and contributions provided for operating purposes	B2-4	**6,535**	6,398
8,024	Grants and contributions provided for capital purposes	B2-4	**26,753**	20,678
1,384	Interest and investment income		**3,690**	1,368
5,881	Other income	B2-6	**5,421**	8,032
131,834	**Total income from continuing operations**		**157,744**	141,713
	Expenses from continuing operations			
49,083	Employee benefits and on-costs	B3-1	**47,068**	42,371
45,250	Materials and services	B3-2	**49,555**	43,811
1,533	Borrowing costs		**1,583**	559
23,937	Depreciation, amortisation and impairment of non-financial assets	B3-4	**27,184**	29,241
3,475	Other expenses	B3-5	**6,628**	2,709
547	Net loss from the disposal of assets		**1,253**	533
123,825	**Total expenses from continuing operations**		**133,271**	119,224
8,009	**Operating result from continuing operations**		**24,473**	22,489
8,009	Net operating result for the year attributable to Council		**24,473**	22,489
(15)	**Net operating result for the year before grants and contributions provided for capital purposes**		**(2,280)**	1,811

The above Income Statement should be read in conjunction with the accompanying notes.

North Sydney Council

Statement of Financial Position

as at 30 June 2023

$ '000	Notes	2023	Restated 2022	Restated 1 July 2021
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	**24,150**	54,571	25,184
Investments	C1-2	**122,897**	88,892	85,995
Receivables	C1-4	**10,774**	9,030	10,182
Inventories		**69**	40	37
Other		**577**	569	954
Total current assets		**158,467**	153,102	122,352
Non-current assets				
Receivables	C1-4	**421**	505	392
Infrastructure, property, plant and equipment (IPPE)	C1-5	**1,535,112**	1,456,015	1,246,670
Investment property	C1-6	**56,047**	57,687	54,786
Right of use assets	C2-1	**1,576**	1,839	2,102
Investments accounted for using the equity method		**35**	32	28
Total non-current assets		**1,593,191**	1,516,078	1,303,978
Total assets		**1,751,658**	1,669,180	1,426,330
LIABILITIES				
Current liabilities				
Payables	C3-1	**26,802**	25,705	24,527
Contract liabilities	C3-2	**11,680**	8,850	13,897
Lease liabilities	C2-1	**303**	303	303
Borrowings	C3-3	**2,005**	1,927	881
Employee benefit provisions	C3-4	**13,967**	14,223	15,560
Total current liabilities		**54,757**	51,008	55,168
Non-current liabilities				
Lease liabilities	C2-1	**1,367**	1,617	1,860
Borrowings	C3-3	**33,441**	35,446	6,373
Employee benefit provisions	C3-4	**236**	218	249
Total non-current liabilities		**35,044**	37,281	8,482
Total liabilities		**89,801**	88,289	63,650
Net assets		**1,661,857**	1,580,891	1,362,680
EQUITY				
Accumulated surplus	C4-1	**963,263**	938,790	916,301
IPPE revaluation reserve	C4-1	**698,594**	642,101	446,379
Council equity interest		**1,661,857**	1,580,891	1,362,680
Total equity		**1,661,857**	1,580,891	1,362,680

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Author name: Name suppressed

Date of submission: Sunday, 9 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
As a long-standing ratepayer in North Sydney I express my opposition to the quantum of the rates variation sought by North Sydney Council which is excessive, unwarranted and burdensome. Ostensibly, the rate increase is principally to address cost overruns relating to the refurbishment of North Sydney Olympic Pool, however the variation is enduring rather than temporary, burdening local residents permanently even though the budget shortfall relating to the pool redevelopment would be addressed within a few years. Council has pursued the rate increase without making meaningful attempts to reduce expenditure on non-core programs or reschedule works expenditure over a longer timeframe. The fact that the budget position was not disclosed to ratepayers in updates prior to the recent local government elections is also concerning. Rather than taking serious responsibility for frugal management of council finances over the longterm, the Council seeks to shift the burden from themselves to ratepayers with an audacious and enduring rate variation that, in the cost of living environment that currently exists following a significant global inflationary period, will be extremely difficult for many in the community to shoulder. My retired and widowed mother, for example, another North Sydney ratepayer, who has a fixed income, would suffer a drop in living standard as a result of such an extraordinarily large increase in her rates. IPART should approve only a much more modest rate variation of no more than 30%.

FORWARD

This submission provides analysis on Council Transparency, Financial Diligence and lastly, issues with the Consultation process for the North Sydney Council SRV submission.

There are issues with the documentation, inaccuracies with reporting, impacting the consultation process, all with the outcome of presenting an inaccurate SRV submission for public consultation and IPART.

The headline messages of the SRV is a financial crisis due to reductions in revenue, increases in expenditure, increases to asset maintenance and of course, cost blow outs of the North Sydney pool. However, the SRV details that **just 31% of the $550m raised over the next 10 years will be allocated to these financial issues**.The remainder is allocated for increased expenditure and building cash reserves to an unprecedented level.

This submission breaks down the inaccuracies of this headline statement that the Council is in a “financial and cash flow crisis”. As evidence to Councils rapidly changing dialogue over the past 12 Months;

- The SRV sensationalises the current financial position, which is in comparison to the Councils June 2024 Operational Plan that states ***“Council has sufficient funds to operate into the future”***

The submission outlines issues with accurate reports and changes to accounting methodology which includes;

- Inconsistencies in the data presented across Annual Reports
- Declining revenue sources have been documented back to 2019, yet no action has been taken to address this outside of an SRV
- Critically, the SRV provides minimal detail forward operational savings. This is despite the SRV stating the Council is in a “*financial crisis that requires structural reform”*.
- The SRV details lack of alternative revenue raising proposals including prime commercial real estate levies and opportunities to continue the roll out of bus shelter advertising has been delayed by the past Councl.
- The asset backlog definition was recently updated, resulting in an increase to the backlog of $100m. Only one other metro Council defines assets in this manner, again sensationalising the problem for North Sydney.
- The SRV bundles financial repair with additional expenditure outlined in the 8 Strategic Initiatives, totalling $146m over 10 years.

Lastly, the community consultation process does not meet the IPART criteria.

- For over half the consultation period starting 27 November 2024, the public was only able to submit feedback unless they agreed to one of the four options in the SRV. This comprised half the consultation period, where residents could not reject all four proposals, nor submit any negative feedback. This has created unreliability of the survey with the impact of skewing the data.

- Changes to income and expense assumptions from the May 24 LTFP without detailed rationale.
- Documents and headline graphs misrepresent comparisons to other Council rates.
- The consultation process was conducted in parallel for consultation on additional expenditure as outlined in the 8 Informed Strategies for $146m expenditure, bundling a financial repair discussion with growth initiatives.

This increase in expenditure has a significant impact on residents and businesses and has not been clearly represented in the public documentation.

IPART Criteria:

This submission addresses each of the IPART criteria for a rate rise. This submission acknowledges a modest increase may be required, however the 87% increase Council is seeking will be at great expense to ratepayers.

As detailed in the Conclusion of this submission, North Sydney Council SRV has not met the majority of the key criteria to approve their proposed increases:

1. demonstrate the need for the additional income
2. provide evidence that the community is aware of the need for and extent of a rate rise
3. establish that the impact on affected ratepayers is reasonable
4. exhibit, approve and adopt relevant planning documents
5. explain and quantify the council’s productivity improvements and cost containment strategies.

Recommendation

This submission is seeking a limited SRV for the next 2 years of 7% per annum in line with the last SRV increase. As detailed in this report, a moderate 7% increase supports the objective to repair the budget issues created from declining revenue and the utilisation of Capital Reserves as outlined by North Sydney Council. This increase would also bring key ratios back into the benchmark range.

In addition, 7% increase capital reserves and provide a modest increase in expenditure to address asset repair and other expenses.

SECTION 1: Communication, Timing & Transparency

Overview:

The 24 November 2024 announcement that North Sydney was in a "financial crisis" was a shock to the residents and was not detailed in this language, in any statement by North Sydney Council in the years prior.

Prior to this, council consistently released information detailing the increasing pool costs and the need for strong financial management, but not until Nov 2024 after the September Council elections, was the situation declared a "financial crisis". This is despite the Council having full knowledge of the increasing pool costs and revenue declines from as early as 2019.

The 2023-24 Annual Report detailed a $13.1m surplus and -$3.6m loss adjusted for Grants and Contributions (OPR = -0.02%). **This is not a financial crisis.**

There were multiple statements detailing the financial stability of North Sydney Council over 2023 & 2024 and the balance of the documents detailed that, **finances were manageable**.

A proposal of 87% over 3 years can not be justified.

The North Sydney Pool cost increases are well documented, as were the impact of revenue from car parking and other expenditure items. Despite these issues, Council made limited efforts to address these issues at an earlier date. Indeed, the financial impact is minimal and manageable with a modest rate increase of 7% per annum over 2 years.

Section 1 details conflicting statements on the financial position, inaccuracies on headline reporting in Annual Reports and a Long Term Financial Plan (LTFP) that has changed dramatically from May to Nov 2024.

Combined, these factors bring into question the robustness of the SRV LTFP submission and whether the longer term plan has been retrofitted, simply to justify a case to increase funding for the Informed Strategies.

EXTRACTS OF COUNCIL STATEMENTS:

14 April 2023: [An open letter to our community – North Sydney Council]:

- *"Current estimates suggest an additional $25 million to $30 million will be required to complete the redevelopment project and ensure the facility is ready to open."*
- *"Combined, these measures provide $24.2 million towards the pool project budget, with the remaining funding recommended to be sourced as estimates are firmed. I can assure you that Council's finances are sound, and the additional cost can be managed without reducing service levels."*
- *"**Whilst Council is in a position to manage the cost overrun**, this Council understands that it comes at an opportunity and social cost to residents and ratepayers who will not get upgrades to other facilities they regularly use."*

26 April 2023: Council Meeting: 10.9. North Sydney Olympic Pool Redevelopment Project

- *It was resolved by Council at its meeting 10 October 2022 that an independent review of the management of the North Sydney Olympic Pool Redevelopment project be undertaken.*
- *$24.2M in additional contingency funding has been included within the Draft 2023/24 budget for the project, including provision for operational readiness.*
- **Commentary**: This announcement details the pool costs were $68m and $24m was included in contingency funding in the 2023-24 budget. In addition, it outlines that $25-30m in funding will be required. **This adds up to projected costs of $117-122m for the pool redevelopment as at April 2023.**

23 October 2023: 2022-2023 Annual Report, 1 year prior to the "financial crisis":

- Page 6 Mayor's Message: "*It is, therefore, pleasing to see that despite challenges such as getting the North Sydney Olympic Pool redevelopment on track, standing up to the State Government on the impacts of the Western Harbour Tunnel and Warringah Freeway projects and undertaking extensive capital works projects throughout the local government area,* ***Council remains in a strong financial position****.*"

27 May 2024: Council Meeting: 10.9 Loan funding for the North Sydney Pool Project & Updated LTFP

- *"The long-term financial plan (LTFP) has been updated to reflect the ongoing costs of this $20m loan for the purposes of acquiring the loan."*
- *"The revised long term financial plan demonstrates that Council has the capacity to finance and maintain the proposed level of debt"*
- **Commentary: This document did not outline a "financial crisis" which emerged 6 months later.** The May LTFP outlined a return to surplus and differs significantly to the LTFP released on 24 November 2024. There is no mention in this plan of a financial or a cashflow crisis that requires structural reform.

24 June 2024: Council Meeting: 10.3. Operational Plan & Budget 2024/25

- ***Council has sufficient funds to be able to operate into the future, but repeated deficits are not sustainable.*** *Council's financial goal is to fund existing service levels and infrastructure renewals whilst maintaining an operating surplus before capital grants and contributions.*
- **Commentary**: Despite documented revenue and pool cost challenges, it is only in June 2024 that Council starts changing the language. There was no mention in this report for the need of an SRV with significant 65-111% rate increases.

14 September 2024: North Sydney Council Elections

- A significant date given past and future wording on the state of the Council's finances.

28 October Council Meeting 10.3 Financial Statements

- "*Short-term financial position: **Adequate**, but strategic attention needed to address ongoing cost increases and budget deficits"*
- *Council has achieved a net operating result of $13.1 million, which exceeded the forecast by $11.5 million*
- **Comment**: 1 month later, Council is in a financial crisis

2023-2024 Annual Report: 24 November Council Meeting

- **Mayor's Message Page 4:** *"Although significant progress has been made, Council continues to tackle the considerable challenge posed by the substantial, inherited legacy of decision-making related to the North Sydney Olympic Pool (NSOP) redevelopment. The rising costs associated with this project have significantly affected Council's financial position and will have enduring implications for the future."*

- **Chief Executive Officers Forward Page 5:** *"Every effort has been made to improve the trajectory of the North Sydney Olympic Pool redevelopment project,including the engagement of external project managers to help manage and mitigate associated risks. Despite these efforts, challenges persist, with ongoing project delays and escalating costs. Coupled with recent revenue reductions and a growing backlog in infrastructure renewal, these financial pressures have placed the Council in an unsustainable position. As we look ahead, a structural shift in Council finances will be crucial to maintain service levels and effectively respond to the needs of a growing population."*

- **Financial Results Overview P121 / 128:**
- *"Council's statements show a net operating surplus after grants and contributions for capital purposes of $13.05 million"*
- *"the result excluding capital grants and contributions is a deficit of $3.6 million - this was heavily impacted by a <u>non-cash</u> decrease of $2.7 million in the value of Council's investment property portfolio"*

24 November 10.7 Proposed Consultation SRV Proposal @ Council Meeting

- *"Council's financial position is very weak and the **financial outlook is unsustainable, requiring significant structural reform**. Existing revenue is insufficient to cover current service levels, loan repayments, asset maintenance backlogs, infrastructure renewals, upgrades, and the development of new assets to meet the demands of a growing and evolving population."*
- *"Council's financial performance has led to increased infrastructure renewal backlogs which cannot be addressed through existing levels of revenue."*
- *"In response to these pressures, Council launched a comprehensive program of **organisational review and transformation in late 2022**. This initiative has identified key structural opportunities for improvement, particularly in the areas of financial management and prioritisation of resources."*

Commentary:

- All inputs on the pool and revenue were known well over a year prior, yet it is only in November 2024 that the language has changed to a financial crisis.
- Limited detail on the 2022 cost savings review and the structural opportunities for improvement. **No cost reviews have been published since 2022.**

Operational Performance Ratio (OPR) Reporting Accuracy:

- There are differences in the reporting of the OPR across multiple years from 2021/22 onwards in the Annual Reports and Operational Budgets submitted at Council meetings.
- It is concerning that inaccuracies are presented in past documents including the recent 2023/24 Annual Report and brings into question the accuracy of the November 2024 LTFP.
- These inaccuracies and changing statements provide little confidence in Council financial reporting capability.

	Benchmark	2021/22	2022/23
Financial Performance Indicators			
Operating performance ratio	> 0%	1.33%	3.32%
Own source operating revenue ratio	>60%	78.[illegible]	[illegible]
Unrestricted current ratio	> 1.5x	2.7[illegible]	[illegible]
Debt service cover ratio	> 2x	8.11x	17.38x
Rates and annual charges outstanding percentage	< 5%	2.77%	2.94%
Cash expense cover ratio	> 3 mths	14.28 mths	15.39 mths
Infrastructure management performance ratios			
Debt service cover ratio	> 100.00%	86.79%	150.63%
Infrastructure backlog ratio	< 2.00%	3.10%	3.65%
Asset maintenance ratio	> 100.00%	108.32%	88.69%
Cost to bring assets to agreed service level	n/a	2.19%	2.60%

Correctly reported 22-23 OPR

Source: 2022-23 Annual Report p 96

24 June Council Meeting: Operational Plan & Budget 2024/25

- This report incorrectly states;
  - The 2022/23 OPR was 1.33%, when the above stated 3.32%
- This report states the 202-024 OPR as -4.93%

Operating performance ratio	2024/25	2023/24	2022/23	2021/22	2020/21	Bench mark	Met?
	-5.72%	-4.93%	1.33%	3.32%	1.3%	>0%	X

Incorrectly reported 23-24 OPR

25 November 2024 Council Meeting: 2023/24 Annual Report

- The 2023-24 Annual Report quotes metrics for 2022-23, matching 2021-22 metrics. Clearly there are reporting disparities between the two Annual Reports, which brings into question the metrics that are utilised in the November 2024 LTFP.
- The June Operational Plan and Budget OPR for 2023-24 of -4.93% does not match the 2023-24 Annual Report.

Given these inaccuracies, clarification is sought on the benchmarks utilised for the November 2024 LTFP. Clearly there are reporting disparities between the Operational Budgets and Annual Reports, which require an immediate clarification.

	Benchmark	2022/23	2023/24
Financial Performance Indicators			
Operating performance ratio	> 0%	1.33%	-0.02%
Own source operating revenue ratio	>60%	[illegible]	[illegible]
Unrestricted current ratio	> 1.5x	[illegible]	[illegible]
Debt service cover ratio	> 2x	8.11x	7.90x
Rates and annual charges outstanding percentage	< 5%	2.77%	3.74%
Cash expense cover ratio	> 3 mths	14.28 mths	11.84 mths
Infrastructure management performance ratios			
Buildings and infrastructure renewals ratio*	> 100%	86.79%	231.72%
Infrastructure backlog ratio	< 2.00%	13.19%	13.11%
Asset maintenance ratio	> 100%	108.32%	98.64%
Cost to bring assets to agreed service level	n/a	9.17%	9.32%

Incorrectly reported 22-23 OPR

Source: Annual Report 2023-24

Reporting Errors

- Whilst it can be argued that these reporting issues are minor, this is a key metric for the council. To get this incorrect brings into question the financial capability for accurate reporting and secondly, the impact of this error in future financial forecasting.

SECTION 2: FINANCIAL ANALYSIS & PERFORMANCE RATIOS

Overview:

- Key issues identified in the SRV are declining revenue from parking and increasing cost pressures from the pool, which together make the justification for the SRV.
- Analysis of the Council financials shows minimal financial impact from these issues and cannot be constituted as a financial crisis. **To describe it as a crisis is inaccurate, sensationalising the financial position.**
- On 27 May 24 the LTFP was presented at the Council Meeting, which detailed bringing the Budget and OPR back to surplus.
- Yet the November 2024 LTFP presented to the community for the SRV had changed dramatically, with increasing losses and no return to surplus.
- There is no financial information detailing the changes behind the November 2024 LTFP forward assumptions, against the May 2024 LTFP which was issued just 6 months earlier.
- The SRV LTFP has significant increases to wage and employee benefits, growing at 10.8% in 2024-25 and 6% pa average over 10 years. It is unclear why expenses are increasing at such a rapid rate.
- In addition the Nov 24 LTPF has;
    - Changes to the definition of asset renewals, **increasing the backlog by $100m**, only one other Metro Sydney Council defines assets in the new manner
    - Changed significantly form the plan public with assumptions
    - Does not consider new and achievable revenue growth opportunities such as bus shelter advertising and Commercial A grade rate increases (similar to City of Sydney)

Operational Performance Ratio:

- The OPR is key to the rationale of the Special Rate Variation.
- North Sydney Council Open Forum 4 Dec 24 *"The Office of Local Government Benchmark OPR is 0%, North Sydney Council should aim for an OPR of above 18%. This benchmark is insufficient to address renewals, asset backlog and repayment of debt."*
    - In 2022/23, 83 NSW Councils were in surplus and 44 were in deficit
    - Only 6 councils (3.3% of councils) have an OPR greater than 18%. The State average is 4%
    - There is no financial justification for an OPR of 18% beyond the above comment and is a significant increase on the Office of Local Government benchmark, this impact of a 18% target will have a significant impact on ratepayers.
    - The 18% target has not been validated against community feedback.
- **An 8-18% OPR is not required to provide fiscal repair, particularly given this is paid for by residents. This financial repair option will take cash reserves from $90m to $320m over the ten years, this is capital taken from ratepayers to Council without any design or restriction as to the use of that capital.**

FINANCIAL ANALYSIS 2021-2025

Annual Report 2023/24:

- The 2023/24 Annual Report details a $13.1m net surplus and a $3.6m deficit
- Income increased $3.2m, whilst expenses increased $6m primarily due to an $5m increase in Employee benefits.
- It is clear, cost management has not been addressed in the last financial year and has run away from the long term average, resulting in a 3.5% point decline in the OPR of -0.02%

Annual Budget 2024/25

- The headline revenue for the 2024/25 budget shows a slight $2m reduction in the Income to $149.5m (see table below)
- This is impacted by the forecasting of the Capital Grants, which is budgeted at $11,378K, the lowest for the past 3 years and forecast $7,444K in subsequent years
- When removing capital grants, **the 2024/25 budget demonstrates revenue growth** from $134.9m to $138.1m this financial year. This is despite the reduction in parking and other revenue.
- **This is not a financial crisis**

2024/25 Expenses:

- The LTFP 2024/25 budget includes Employee Benefits growth of 10.8%, this is despite the 24 June Operation plan stating a 3.5% increase
- This large increase in employee benefits is not in line with national wage growth and significantly impacts the 2024/25 bottom line
- The 2024/25 budget is not demonstrating realistic income and overly large cost increases to achieve a larger deficit.

	2021/22	**2022/23****	**2023/24*****	**2024/25 Budget LTFP******
INCOME				
Rates & Charges	**71,112**	**73,443**	**75,559**	61,961
Annual charges				18,016
				79,997
User fees & charges	26,923	33,443	32,134	33,803
Other revenue	7,202	9,649	10,239	10,292
Grants Operational	6,398	6,535	5,453	5,027
Grants Capital	20,678	26,753	16,690	11,378^
Investment Income	1,368	3,690	5,612	3,156
Other	8,032	5,421	5,970	5,887
Total Income	**141,783**	**157,744**	**151,657**	**149,528**
Income *less* Capital Grants	**121,105**	**130,991**	**134,967**	**138,150**
EXPENSES				
Employee benefits	42,371	47,068	49,118	54,406
Materials & services	43,811	49,555	51,176	53,986
Borrowing costs	559	1,583	1,497	2,382
Depreciation	28,260	27,184	28,240	28,795
Other expenses	2,709	6,628	7,269	4,783
Net assets expenses	533	1,253	1,304	277
Total Expenses	**118,243**	**133,271**	**138,604**	**144,629**

Net Cash - Net Surplus After Grants			$13.1m -$3.6m	$4.7m -$6.6m
Operating Performance Ratio (OPR)	1.33%	3.32%	-0.02%	-4.23%

^ Reduces to $7,888 in following year, significantly below past years

LONG TERM FINANCIAL PLAN

There are inconsistencies between the LTFP presented at the Council meeting on 27 May 2024 and 24 November 2024. Whilst this submission agrees that the LTFP will change over time, these adjustments are a significant departure from the plan without any rationale for the increased expenses.

These variances bring into question the accuracy of the new LTFP, the financial planning process and whether the new LTFP was adjusted to improve the SRV justification. As it stands, the November LTFP should not be considered as part of the North Sydney Council's IPART proposal due to the lack of financial justification for the substantial increase in expenses.

Not only does the SRV LTFP demonstrate increasing expenses, it also shows significantly higher losses than the plan presented on 27 May 2024.

- This May 24 LTFP states the following assumptions;
  - Annual increase in rates of 3.5%, compared to the previous assumption of 2%, due to the expected increase in the rate peg.
  - Employee benefits increase by 3% in 2025/26 and 2% thereafter.
- The November 24 LTFP, has new assumptions impacting revenue, expenses and the ensuing impact on the Operating Performance Ratio;
  - Annual rate increases range from 4.05-5.85% in 2024-2026 and 3.27% in the following 8 years.
  - Employee benefits will increase 10.8% in 2024-25 budget, 5.75% in 2025-26 and 3% thereafter

The November 2024 LTFP, costs are proposed to increase at a significantly faster rate than income, whilst ignoring any focus on generating new revenue opportunities. The following details the increase from 2024-25 to 2034-35.

- Income $213.0m - 42.45% increase (4.2% per annum)
- Rates $87.0m - 40.3% increase (4.0% per annum)
- Expenses $211.3m - 46.1% increase (4.6% per annum)
- Employee benefits $87.8m - 61.4% increase (6.1% per annum)

The standout is the 6.1% per annum increase in employee benefits which is well above the national wage growth average in a Council that due to subdued population growth, has a limited case for growing employee numbers.

Growth of New Residents

The Long Term Financial Plan appears not to account for planned residential construction in the rates revenue. There is known rezoning amounting to 9,100 new apartments in the Crows Nest / St Leonards precinct. At the minimum residential rate, this amounts to $6.5m in additional revenue.

From analysis, the 3.8% annual growth in rates can not include growth of new residents. Based on this, the **revenue projections in the LTFP are underestimated and inaccurate.**

The North Sydney Pool Financial Impact:

- Significant documentation is available on the cost increases and impact to the North Sydney Council budget.
- In recognition of the impact, it has decreased the available capital reserves from to $90m in 2024/25
- The November LTFP outlines borrowing interest expenses of $2.8 - $4.1m per annum in the 10 year period, which can be addressed with a moderate SRV as outlined in our Scenario Analysis.
- The same plan, the As-Is Case without an SRV details the Capital Reserves will increase from $90m to $154m in 10 years, that’s $74m back in the bank without an SRV.

Attachment 10.9.1

Income Statement	Forecast	Budget	Projected								
Income from continuing operations	**2023 /2024 $000**	**2024 /2025 $000**	**2025/ 2026 $000**	**2026 /2027 $000**	**2027 /2028 $000**	**2028 /2029 $000**	**2029 /2030 $000**	**2030/ 2031 $000**	**2031 /2032 $000**	**2032 /2033 $000**	**2033 /2034 $000**
Revenue											
Rates & Annual Charges	75,110	78,866	81,627	84,484	87,441	90,501	93,668	96,947	100,340	103,852	107,487
User Charges & Fees	32,631	36,772	37,507	38,258	39,023	39,803	40,599	41,411	42,239	43,084	43,946
Interest & Investment revenue	8,861	10,216	10,421	10,629	10,842	11,059	11,280	11,505	11,735	11,970	12,209
Other revenues	2,836	4,666	4,760	4,855	4,952	5,051	5,152	5,255	5,360	5,468	5,577
Grants & Contributions provided for operating purposes	13,350	3,058	3,060	3,062	3,064	3,066	3,068	3,070	3,072	3,072	3,072
Grants & Contributions provided for capital purposes	4,605	2,665	1,289	1,293	1,293	1,293	1,297	1,297	1,297	1,297	1,297
Other Income	5,969	5,887	6,005	6,125	6,248	6,373	6,500	6,630	6,763	6,898	7,036
Total Income from Continuing Operations	**143,362**	**142,131**	**144,668**	**148,705**	**152,862**	**157,145**	**161,564**	**166,115**	**170,807**	**175,641**	**180,624**
Expenses from continuing operations											
Employee Benefits & On-Costs	51,879	55,651	57,320	58,754	60,222	61,728	63,271	64,853	66,474	68,136	69,839
Materials & Services	49,641	53,372	54,440	55,529	56,639	57,772	58,927	60,106	61,308	62,534	63,785
Borrowing Costs	1,452	2,382	2,248	2,066	1,876	1,692	1,530	1,360	1,184	997	800
Depreciation & Amortisation	28,900	31,095	31,406	31,720	32,038	32,358	32,682	33,008	33,338	33,672	34,009
Other Expenses	4,546	4,746	4,840	4,937	5,036	5,137	5,239	5,344	5,451	5,560	5,671
Net Losses from the Disposal of Assets	271	277	547	547	547	547	547	547	547	547	547
Total Expenses from Continuing Operations	**136,690**	**147,524**	**150,802**	**153,553**	**156,358**	**159,233**	**162,196**	**165,219**	**168,303**	**171,446**	**174,651**
Operating Result from Continuing Operations	**6,673**	**-5,393**	**-6,133**	**-4,848**	**-3,497**	**-2,088**	**-632**	**897**	**2,504**	**4,194**	**5,973**
Net Operating Result before Grants and Contributions provided for Capital Purposes	**-6,677**	**-8,451**	**-9,193**	**-7,910**	**-6,561**	**-5,154**	**-3,700**	**-2,173**	**-568**	**1,122**	**2,901**

Council Meeting 27 May 2024 Agenda Page 4 of 13

Source: 27 May 2024 LTFP

Table 1. Forecast Income Statement

Income from Continuing Operations	2024/25 Budget ($'000)	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/34 ($'000)	2034/35 ($'000)
Rates	$61,961	$64,662	$66,830	$69,069	$71,382	$73,773	$76,242	$78,793	$81,428	$84,151	$86,964
Annual Charges	$18,016	$18,556	$19,113	$19,686	$20,277	$20,885	$21,512	$22,157	$22,822	$23,506	$24,211
User Charges & Fees	$33,803	$41,394	$43,726	$46,108	$47,722	$49,392	$51,121	$52,910	$54,762	$56,679	$58,662
Other Revenue	$10,292	$10,704	$11,078	$11,466	$11,867	$12,283	$12,713	$13,158	$13,618	$14,095	$14,588
Grants and Contributions provided for Operating Purposes	$5,027	$5,102	$5,179	$5,257	$5,335	$5,416	$5,497	$5,579	$5,663	$5,748	$5,834
Grants and Contributions provided for Capital Purposes	$11,378	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444	$7,444
Interest and Investment Revenue	$3,165	$3,354	$3,629	$3,918	$4,225	$4,538	$4,834	$5,124	$5,413	$5,703	$6,018
Other Income	$5,887	$6,814	$7,053	$7,299	$7,555	$7,819	$8,093	$8,376	$8,669	$8,973	$9,287
Total Income from Continuing Operations	$149,528	$158,031	$164,051	$170,247	$175,807	$181,549	$187,454	$193,541	$199,820	$206,298	$213,008
Expenses from Continuing Operations											
Employee Benefits and On-Costs	$54,406	$60,373	$62,939	$65,614	$68,402	$71,309	$74,340	$77,499	$80,793	$84,227	$87,806
Materials and Services	$53,986	$57,093	$58,805	$60,570	$62,387	$64,258	$66,186	$68,172	$70,217	$72,323	$74,493
Borrowing Costs	$2,382	$2,233	$2,052	$1,862	$1,678	$1,523	$1,354	$1,177	$993	$798	$642
Depreciation and Amortisation	$28,795	$31,959	$32,918	$33,905	$34,922	$35,970	$37,049	$38,161	$39,305	$40,485	$41,699
Other Expenses	$4,783	$4,926	$5,074	$5,227	$5,383	$5,545	$5,711	$5,882	$6,059	$6,241	$6,428
Net Losses from the Disposal of Assets	$277	$277	$277	$277	$277	$277	$277	$277	$277	$277	$277
Total Expenses from Continuing Operations	$144,629	$156,860	$162,065	$167,453	$173,049	$178,882	$184,918	$191,168	$197,644	$204,350	$211,346
Operating Result from Continuing Operations	$4,899	$1,170	$1,986	$2,794	$2,758	$2,667	$2,537	$2,373	$2,176	$1,948	$1,663
Net Operating Result before Grants and Contributions provided for Capital Purposes	($6,479)	($6,274)	($5,458)	($4,650)	($4,686)	($4,777)	($4,907)	($5,071)	($5,268)	($5,496)	($5,781)

Source: LTFP 25 November 2024

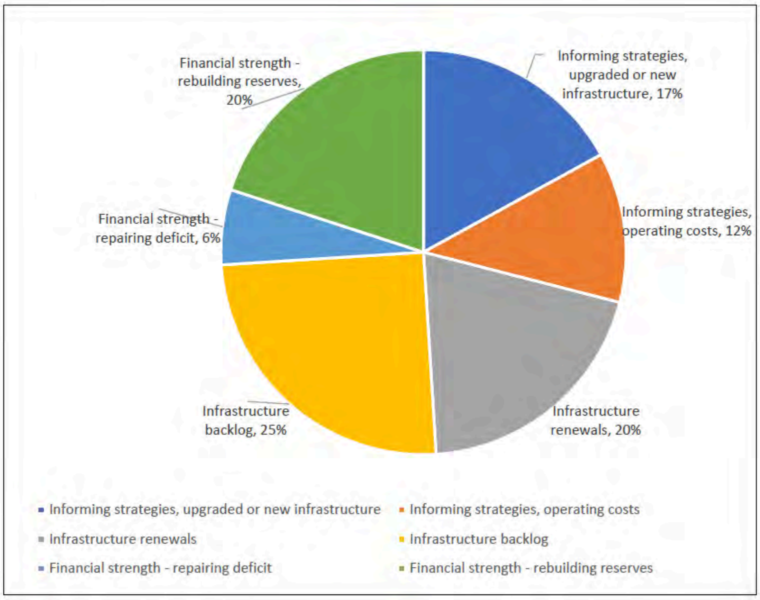
SRV Proposal Funding Allocation:

The SRV funding stated in Council documentation does not add up. $550m of additional funds will be raised from the SRV:

- $146m (27%) allocated to Informed Strategies, this is included in the long term plan (see table below)
- $230m (42%) will increase the cash bank balance, this is in their financials
- $174m will go towards the remaining area of the pool and asset renewals (31%)

This graph on page 10 of the SRV submission differs from the above calculation based on the LTFP and potentially, the extra $230 million increase to the bank balance will be allocated to infrastructure spend.

What is to prevent Council from utilising the $230m planned for cash reserves to be spent on additional infrastructure spend?



Source: SRV Submission Page 10

Cash Reserves:

- At no stage since 2010-11 has North Sydney Council had $320m in cash reserves, without any governance as to the use of the money (rate \payer money), this is not in the interest of residents, nor is it good government policy.
- The SRV cash buildup objective is creating an unnecessary risk allowing the cash balance to increase so dramatically.

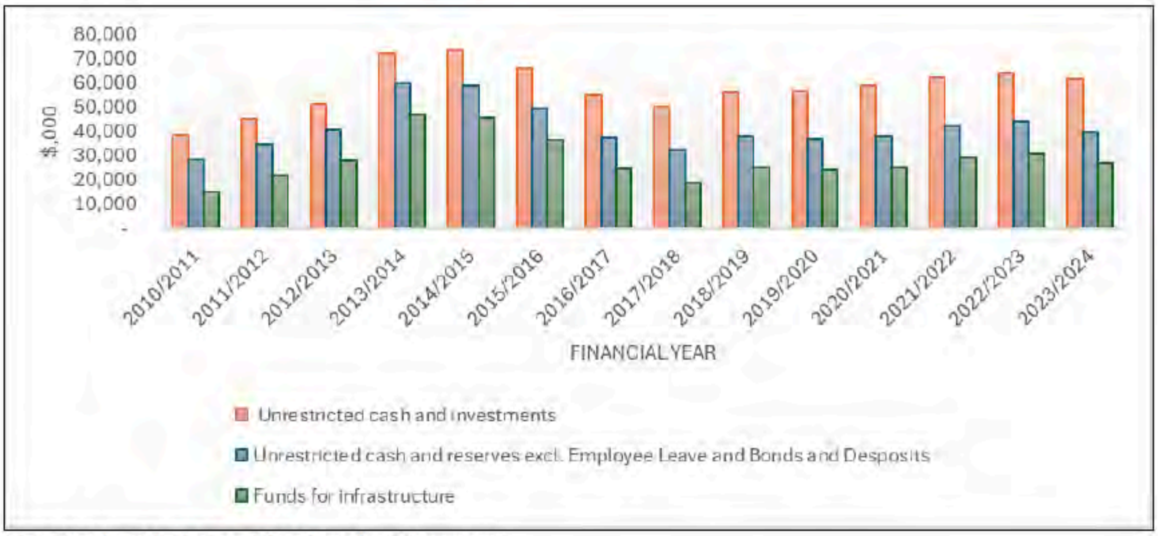


Chart 1: Historical unrestricted cash and reserves

New Revenue Opportunities:

- Despite the signs as far back as 2019, Council have not initiated new revenue opportunities.
- This submission outlines the opportunity to raise revenue from prime commercial real estate from prime North Sydney CBD businesses. This is a method undertaken by the City of Sydney and should be applied to North Sydney CBD, which has the lowest prime commercial vacancy rate in Sydney and would have limited impact to top tier commercial firms such as Microsoft, Nine and Coca-Cola. As such, this is a missed opportunity.
- North Sydney has the second largest prime commercial lettable area after the City of Sydney and in reviewing Compare NSW website, there are 20 Councils that raise more revenue from businesses than North Sydney.
- Commercial real estate vacancies for North Sydney are the lowest in Metro Sydney at 6.8% *“The structural shift of flight to quality is significant in North Sydney as there is a clear divergence in demand for quality assets. Premium vacancy in North Sydney is tight at 6.8%. Best in class assets in North Sydney; 100 Mount street, 1 Denison Street, 118 Mount Street and 2-4 Blue Street are sitting with strong occupancy rates, outperforming other assets in the market. Recent examples of occupiers upgrading their space include Pacific National leasing 3,350sqm at 2-4 Bue Street, relocating from 15 Blue Street, additionally Ventia has secured 3,500sqm at the upcoming Victoria Cross development, they will relocate from 80 Pacific Highway in 2025.” Source Knight Frank March 2024*

https://content.knightfrank.com/research/444/documents/en/north-shore-office-market-march-2024-11067.pdf

- With an increasing trend by Australian businesses for employees to return to work at the office, this demand for office space will only intensify North Sydney commercial office requirements in the post COVID era.
- Council have rejected this plan:
  - Council has a policy of a rate revenue split of 60% residential / 40% businesses. From analysis of records there is reasoning for this stance, nor relevant benchmarks.
  - No analysis from what we have seen has been conducted, nor a sensitivity analysis on this revenue opportunity.
  - It is noted in the Council Meeting on 25 November 24, that a number of representations were made, including by Councillor Spencley to create a special zoning for prime commercial properties.
  - These submissions were voted down in the Council meeting, stating the SRV plan had been set and any revenue alternatives would not be considered at this late stage.
- There is no evidence of attempts to address the inflation adjusted revenue reductions which were first identified by Council from 2019. This plan is a sensible revenue option which would minimise the burden on residential ratepayers and secondary business ratepayers.

City of Sydney Variable Commercial Rate Structure

Operational Plan 2024/25

Rental and other fees for use of footway and roadway areas (outdoor dining)

Description	Pricing code	Unit of measure	$ Fee	GST
Zone 1 – Circular Quay, City Centre	Market	per m2/annum	750.00	0%
Zone 1A – Darlinghurst; Woolloomooloo; South Sydney (East)	Market	per m2/annum	365.00	0%
Zone 2 – Pyrmont; Ultimo; Chippendale; King Street, Newtown; and Glebe Point Road	Market	per m2/annum	270.00	0%
Zone 3 – South Sydney (South)	Market	per m2/annum	215.00	0%
Zone 4 – Glebe; Forest Lodge	Market	per m2/annum	160.00	0%
Zone 5 – Regent Street and Redfern Street, Redfern	Market	per m2/annum	190.00	0%
Zone 6 – Darlinghurst Road and William Street	Market	per m2/annum	280.00	0%
Zone 6A – Oxford Street	Market	per m2/annum	275.00	0%
Zone 7 – Various CBD Laneways	Market	per m2/annum	160.00	0%

Declining Revenue:

As identified in the SRV LTFP, income from car parking has been declining since 2019, yet over this period no action has been taken to improve, diversify or identify alternative revenue sources beyond the SRV.

The June 2024 Operational Plan and SRV details a $6.5m pa inflation adjusted reduction in revenue, with the majority from car parking revenue. This decline was first identified as early as 2019, however actual revenue continues to increase.

The $6.5m on the $149m income budget equates to just 4.3% of total revenue. This is insignificant for overall revenue whilst new revenue from prime CDB businesses would more than compensate from this decline.

- Parking $5.95m on $14m revenue Parking infringements $880k on $8m revenue
- Advertising $450k shortfall (trend identified from 2019)

Together, the declining revenue does not justify an SRV of 65-111% when new revenue opportunities have not been considered alongside a robust expense reduction plan.

Increasing Expenses:

- The SRV sensationalises the increasing expenses. When reviewed in detail, these increases are a small increase and do not amount to a financial crisis.

- Materials up 10%. Noted that materials grew significantly in 2021-2023 and have stabilised since that time. 10% ongoing increases in the LTFP are unrealistic.
- Borrowings up $1m (this is the pool interest and payment expenses). In 2024/25 this increases to $2.4m and declines in subsequent years, again this is a small and manageable increase
- Emergency services up $1m

- **These are not significant items that amount to a financial crisis**

Cost Control Measures:

- The SRV submission to Council on 24 November details $5,274,725 in savings. There is no detail to quantify these savings, there is no future plan with further efficiencies and indeed, the LTFP details ongoing increases to operational expenditure.
- The LTFP dedicates P9 (or P204 of the SRV submission) to cost control measures **without any financial detail for the future**.
- Page 260 has a total of $7.2m of which $3.7m was realised and implemented in prior years, these are not future costs savings. The detail on achieving these savings is scant, with no timeline for completion.
- It does not detail any employee internal savings.

Infrastructure Backlog Asset Renewal Ratio:

As highlighted by Dr Dave Bond https://www.youtube.com/watch?v=sFTdUSM_GJo, the definition of the asset renewal ratio has changed from 2022-23 to 2023-24, increasing the assets **requiring renewal to increase by $100m**.

The asset increase is sensationalised, without pointing out it is largely driven by a change in definition.

Despite this, the actual cost of renewal remaining relatively static was $8.9m in 2023-24 and $9.617m in 2022-23. There is no forecast of the asset renewal allocation in the LTFP and are unable to see if there is an impact on the maintenance expenditure.

Whilst this was legitimately detailed in the Annual Report fine print, it highlights transparency issues to make the assets backlog issue a larger financial burden.

Scenario Analysis:

- In 2019 IPART approved a 7% per annum increase in rates for 3 years, if this were applied to the November SRV LTFP, this would result in $200m additional revenue, addressing any liquidity issues from the North Sydney Pool.
- This along with realistic cost increases to employee benefits and cost control measures would reverse the negative Operating Result detailed in the LTFP.

SECTION 3 - SRV Submission & Process:

Overview:

North Sydney Council provided a number of forums, community sessions for the engaged public. Whilst Council has ticked the community consultation box, the information provided does not provide an accurate viewpoint for the community to understand the true financial position.

As detailed in SECTION 2, there are inaccuracies in the financial reporting, there is sensationalism surrounding the revenue declines and the impact of the pool and as such, the community consultation paints a scare campaign.

The submission creates and tells the community we are in a financial crisis, which is not the case.

The Public Submission:

The SRV documentation compares North Sydney's average Residential Rates against 14 Metro Councils. There are a number of omissions in this comparison, skewing the data.

- Chart 2 below omits the City of Sydney, and Parramatta which are critical comparisons due to population size and commercial mix.
- Their rates are $741 and $1,013 respectively, North Sydney rates are higher than both councils with an average rate of $1,040.
- It's not suitable to compare North Sydney to Hunters Hill, which has just 20% of our population and limited commercial use.

What's detailed in the report is too simplistic to draw an accurate conclusion which had a significant bearing in the SRV justification to the community.

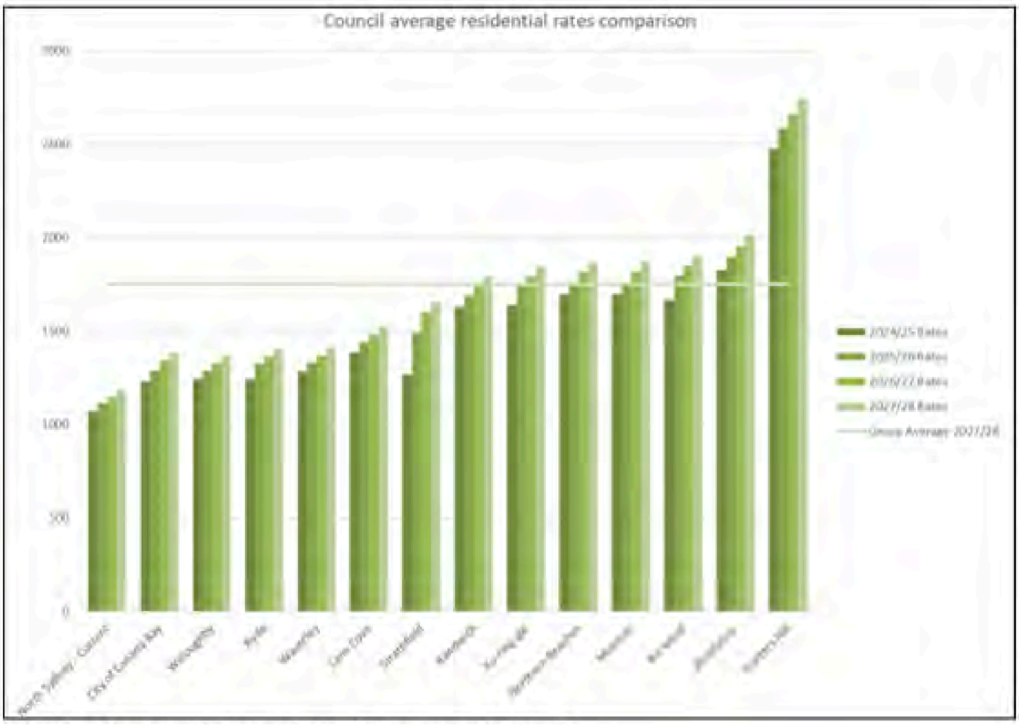


Chart 2 – Average residential rates for comparable councils

Source: North Sydney Council 10.7 Special Rate Variation

Productivity Improvements and Cost Containment:

An IPART criteria is to demonstrate Productivity and Cost Containment. There is little detail and a number of broad statements in this regard. There are no suggested forward savings initiatives in the SRV.

The Process:

- Your Say Consultations: LTFP was first announced on 27 November 2024, closing 10 January 2024. Until approx mid December, ratepayers were unable to submit feedback unless they agreed to one of the 4 options presented by the council, from 65-111% over three years.
- There was no ability to reject all proposals, nor provide any feedback, this has significantly reduced the opportunity to reject the proposal.
- **Whether by deliberate action or an oversight, this community survey is null and void, due to the inability not to reject all proposals**
- The below results must be considered with the above in mind.
- As stated earlier, a moderate increase will provide the financial repair, 65% is not required.

Community Feedback:
- 24% Did not say: this is likely the respondents post mid Dec
- 56% Opted for Financial Repair: this figure may have been lower if these surveys were complete prior to the mid Dec change
- Only 5% Voted for the proposal
- Over 80% of respondents voted against the proposal and Did Not Say / only want Financial Repair.

In a separate question, 78% had no willingness to pay for the Informing Strategies ($146m increase).

Even with the inability to reject all proposals, **the results of this survey are clear, they reject it and ratepayers are seeking a financial repair option or do nothing.**

Financial Repair and Growth Focused Initiatives:
- This process and SRV application has occurred at the same time as Council 8 new Strategic Initiatives at a total cost of $146m.
- The SRV bundles a financial repair argument alongside 8 proposals to spend more in the future. These must be addressed as separate issues when seeking community consultation, as an individual providing feedback for one of these Strategic Initiatives is not made in context of the rate increases.
- This has complicated and potentially confused the community consultation by concurrently proposing alongside the financial repair.

Strategy	Spend / $100	Year 1 Operational	Year 1 Capital	Total Year 1	Total 10 Year
Culture & Creativity	$1.40	795k	280K	1,075k	14,700
Economic Development	$1.80	780K	2,600K	3,380k	19,951
Environmental	$0.70	402K	283K	685K*	7,688
Governance	$2.00	2,515K	300K	2,815K	22,115
Housing Strategy	TBA	TBA	TBA	TBA	-
Integrated Transport	$1.60	933	300	1,233K	16,978
Open Space & Recreation	$3.80	410K	4,884K	5,294K	41,572K
Social Inclusion	$2.10	885K	1,100	1,955	23,070K
					$146m

- The North SydneyYour Say website for the Strategic Initiatives, the submission pages are not transparent on the Special Rate Variation, that increases are required if ratepayers support the Strategic Initiatives.
- The feedback provides basic cents in dollar information, a link to the SRV, however they lack transparency by not listing the rate increases.

- See screen grab below.

Home | Economic Development Strategy

Economic Development Strategy

Consultation closes Friday 10 January 2025

How to get involved:

- Review our Economic Development Strategy
- Complete our Community Survey

Background

Economic development is vital for fostering a resilient community, creating jobs, and enhancing the quality of life for residents and visitors alike. It underpins our ability to provide essential services and drive funding for public infrastructure and amenities.

In May-June 2024 Council launched its most extensive consultation to date: the 'Have your say on North Sydney's next ten years' campaign. Through this engagement we asked the community how we can support businesses, promote employment opportunities and attract investment. Council has listened to your feedback and combined with research created the draft Economic Development Strategy.

We now invite the community to continue sharing their thoughts as we plan to implement the strategy.

For more information on the research that underpins this strategy, please refer to the Economic Development Study

Key strategic directions

The Economic Development Strategy details how Council, the community, businesses and other stakeholders will work together over the next ten years to build a thriving and resilient local economy.

To achieve this outcome, we will focus on four key strategic directions:

1. Revitalise and grow the North Sydney CBD as a high-amenity top-tier office precinct
2. Cultivate a diverse, connected and resilient business environment
3. Create vibrant villages and local centres that attract and retain visitors
4. Promote North Sydney as a destination of choice

The Economic Development Strategy is one of eight draft informing strategies that articulate the needs and priorities of North Sydney over the next ten years. Once adopted, these strategies will form the basis of our new Community Strategic Plan (CSP).

Cost of delivering the Economic Development Strategy

Timing and delivery of new projects and initiatives will be dependent on availability of funding from a variety of sources, including but not limited to grants, developer contributions, and rates.

A detailed breakdown of the estimated cost and funding sources for all capital works identified within the informing strategies is provided in the appendix at the end of the Long-Term Financial Plan (LTFP).

To deliver all expanded services and new and upgraded infrastructure detailed in the Economic Development Strategy, the estimated additional funding required from rates income is detailed in the table below:

	Year 1 ($'000)	Year 2 ($'000)	Year 3 ($'000)	Year 4 ($'000)	Year 5 ($'000)	Year 6 ($'000)	Year 7 ($'000)	Year 8 ($'000)	Year 9 ($'000)	Year 10 ($'000)	TOTAL ($'000)
Operating costs	780	530	660	590	590	590	590	590	590	590	6,100
Capital costs	2,600	2,785	385	1,582	1,582	285	1,482	1,482	185	1,482	13,851
Total	**3,380**	**3,315**	**1,045**	**2,172**	**2,172**	**875**	**2,072**	**2,072**	**775**	**2,072**	**19,951**

Council is currently engaging with the community on a proposed special rate variation that presents four potential rate increase options. Options 2a, 2b and 3 will all facilitate delivery of the new projects and initiatives detailed in this strategy.

Using option 2b as an example, the average percentage of rates income that would be spent on delivering the expanded services and new and upgraded infrastructure identified in the Economic Development Strategy over the full ten year period is 1.8%.

This means that for every **$100** of rates income received, an average of **$1.80** would be spent on new projects, services and initiatives that support economic development in the LGA.

Have your say

As detailed above, the valuable information you provided during the 'Have your say on North Sydney's next ten years' campaign has shaped this strategy. We are now seeking your feedback on the draft Strategy to ensure that it appropriately reflects identified needs and aspirations.

Please provide your feedback by:

- completing the submission form below, or
- emailing or writing to us. Please include 'Draft Economic Development Strategy' in the subject line of all email or written feedback.

All submissions in their entirety are made publicly available in the Community Engagement Report. Personal identifying information, and content which is discriminatory, hateful or which may defame, offend, insult, humiliate or intimidate will be redacted.

If you need help accessing the Strategy or would like to view a hard copy version, please call 02 9936 8100

- In addition, by providing so many feedback options closing at the same time, this has the potential to confuse ratepayers and the most appropriate Your Say feedback link.

CONCLUSION

Transparency is a pillar of our democracy that builds trust. The process from initial Council communication in the years prior, to the process and community engagement is not transparent.

For council, to propose a rate increase of 87% based on sensationalising the financial position is a breach of that trust.

When assessing the submission against the SRV, I provide the following commentary.

1. **demonstrate the need for the additional income**
    - It has been demonstrated a need for limited financial repair, this is not a crisis
    - The recent LTFP has changed significantly from a past plan, as such questions remain as to the future financial planning accuracy. Is the SRV LTFP planned income and expenses accurate?
    - No initiatives outlined to generate additional revenue have been considered, demonstrating a lack of focus on alternative revenues.
    - The allocation to infrastructure asset repair is an accounting definition change and should not be considered as part of the assessment, this change was not clearly outlined to residents.
    - Provided documentation for the Informed Strategies, this is not a <u>need</u>, it's a <u>want</u> that was thoroughly rejected by the residents in community surveys.
    - Council have not demonstrated a need to build $320m in cash reserves.
    - Council have not demonstrated a need for an aspirational 18% OPR.

2. provide evidence that the community is aware of the need for and extent of a rate rise
    - Due to the issues outlined above, the community was not provided with evidence on the need for a 87% rate rise.
    - The feedback demonstrated in the SRV survey, Councilor Jess Keen's Survey and the approx 40 submissions at Council meeting on 10 Feb 2024, that the community is against the proposal.
    - The Council conducted a survey that can not be considered accurate as outlined in Section 2.
    - The information provided is not transparent, has inaccuracies and was not clear on the intended purpose as to the use of the funds.
    - The community survey is inaccurate due to the lack of a reasonable opportunity for residents to reject the survey.

3. establish that the impact on affected ratepayers is reasonable
    - Not established. There is no study on the reasonableness of a 87% increase.
    - A capacity to pay report was provided by an external consultant paid by Council. The Morrison Low author of the report from p261 of the SRV submission, does not have the appropriate qualifications as a demographer

(consultant 2 years, prior roles as a coordinator and EA) for such an impactful analysis.
    - This report can not be considered as part of the submission.
    - Council only refers to their Hardship Policy to mitigate the reasonableness however this will not apply to the vast majority of residents impacted. A Councillor stated at the Council meeting on 10 Feb 2025, that ratepayers may have to sell their house due to this increase (or words to that effect). This is in no way reasonable.

4. exhibit, approve and adopt relevant planning documents
    - Council conducted a suitable number of sessions outlining their case and provided reams of documentation.
    - However as detailed;
        i. The information provided has unreliable survey results, with community engagement rejecting the plans.
        ii. There are significant issues with accounting and financial transparency.
        iii. Conflicting statements on the use of funding in the proposal.

5. explain and quantify the council's productivity improvements and cost containment strategies.
    - Limited future productivity or cost containment strategies provided in any detail. $3.6m saved in prior years (without any qualification of the savings) and $2.4m is outlined for future years.
    - P33 of the SRV details that No Service Cuts have been included.
    - There is no information on how and when the savings will be initiated.
    - These savings are insignificant given Council are stating it's a financial crisis.

In summary, North Sydney Council have not met any of the criteria for IPART to agree to any rate increase. To recommend otherwise will be contrary to the criteria.

Author name: Name suppressed

Date of submission: Sunday, 9 March 2025

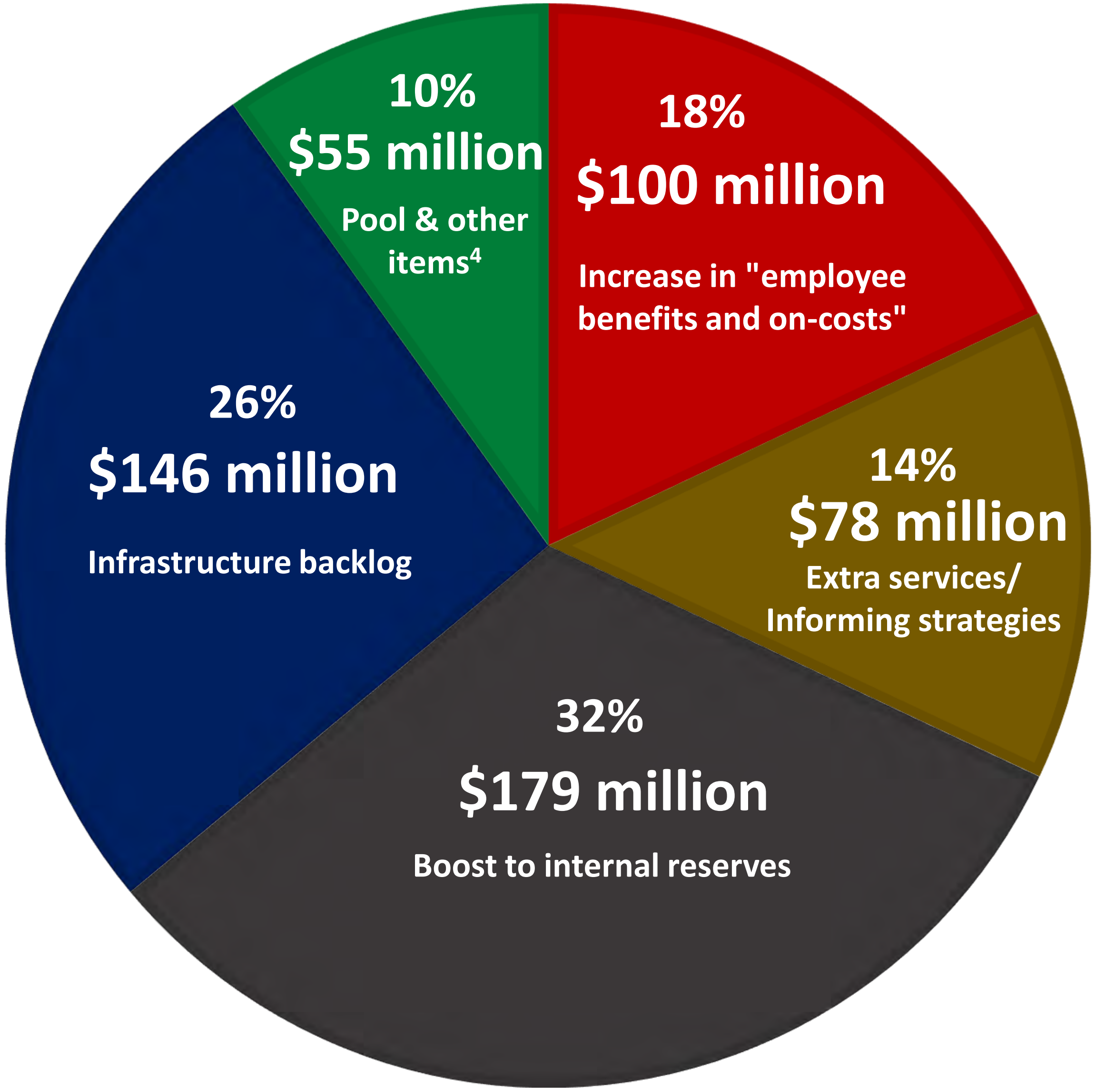
Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Dear IPART, I write in opposition to the North Sydney Councils SRV proposal to significantly increase residential and business rates in 2025-26 and 2026-27. I would like to challenge the misleading statements in the councils application and associated communication materials, in particular: The chart provided on page 3 of Appendix B: Communications and marketing collateral showing the North Sydney Councils residential rates against 12 other councils is skewed and misleading. North Sydney Council has one of the highest population density of 6,862 person per KM square (https://profile.id.com.au/nsroc/about?WebID=150), it is not a like for like comparison with a council like Hunters Hill with 2,454 person per KM square where residents enjoy bigger property areas and spaces. North Sydney Council collected $152m revenue in 2023-24 (https://www.northsydney.nsw.gov.au/downloads/file/3814/annual-report-2023-2024), or $2,120 per resident. This compares to Hunters Hill which collected $28m in revenue (https://www.huntershill.nsw.gov.au/files/assets/public/v/2/council/reports-and-publications/annual-reports-and-financial-statements/financial-statements/annual-financial-statements-2023-2024.pdf) or $2,018 per resident. Hunters Hill is operating with lower revenue, both on a total basis and on a per resident basis than North Sydney. Page 14 of the Councils Minimum Rate Increase Application Form Part B states that the level of advantage within this suburb is still within the top 2% of suburbs across Australia. There is no mention of how this advantage is measured, if it is on an income basis, does it take into account the relative high cost of housing and mortgage stress that residents of this suburb face? Many North Sydney residents are young people who have to live near the CBD for work opportunities. The rate increase will add to additional costs on top of mortgage repayments or likely lead to increased rents, worsening the housing affordability crisis in this country. Over 20 per cent of North Sydney Councils residents are over 60 years old, likely on fixed income and less able to make extra income to offset the increase in rates. The councils offer of a $250 pensioner concession is not sufficient to offset the proposed $685 increase in the proposed minimum rates 2025-26. In the Councils Appendix B: Communications and marketing collateral, it states on page 3 that its other non-rates income has decreased by $9.9 million. Where is the Councils strategy to revitalise outside income? The Council needs to consider other revenue streams before making significant increases to rates which can push out local residents who have lived in this suburb for many years and worsen Australias housing affordability crisis. In particular: The Council recently installed new parking metres around North Sydney can the Council please provide transparency on the costs of this project and the return on investment? It is noted that in the Councils Long Term Financial Plan (Page 8), parking revenue has declined $4.5m. Local residents do not want to pay for bad financial and project management of the Councils. The North Sydney Council is home to many attractions that people travel from other parts of Sydney to visit eg. Maccallum Pool, Bradfield Park, North Sydney Pool (when it opens). Instead of asking residents to subsidise the costs of these assets for the use of visitors, the Council should have a comprehensive cost recovery strategy for its assets. The Council and our residents have had to sacrificed park land for the construction of the bike ramp to the Harbour Bridge Cycleway Ramp Project. Has the Council explored a bicycle tolling option for cyclists entering and exiting the bike ramp in Milsons Point? Has the Council considered an expansion of the NSW Governments Parking Space Levy to fund some of the needed infrastructure upgrade to the area? Residents are concerned that the Council would propose to hike up rates so dramatically. There needs to be an independent review of the Council's financial management practices.

Author name: Name suppressed

Date of submission: Monday, 10 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The Council has requested an SRV on the basis that it is in a weak financial position and its communications have inferred this is primarily because of cost over runs on the Olympic Pool project. The council's 2022/23 Annual Report, Mayor Zoe Baker stated: Council remains in a strong financial position. In the Financial Statements for the Year Ended 30 June 2024 the authors state that the Councils financial position, while considered a going concern, presents immediate challenges." The two challenges identified were ongoing cost increases at the Olympic Pool and an estimated renewal backlog of $146 million. It appears that this large backlog was the result of a reclassification by the council in 2023/24 of assets from Class 4 to 5 ie work to be done in the current year. So, a council manufactured issue increasing the backlog from 45.7m to 146.8m. Whether this reclassification was valid or not I do not know but the council has not communicated any rationale for this change which apparently, puts it at odds with the approach of other councils. Finally, the 2024 Financial Report does not contain any recommendations of the need for drastic rate hikes. Prior to the council election in September 2024 no mention was made of a weak financial position or a possible need to increase rates prior to the election. Yet within weeks of the election council issues their SRV proposal. Given the short timeframe, it is obvious that the intent to raise rates drastically had already been canvassed by the council executive prior to the election. This timing raises serious questions about transparency, even deceitful behaviour. The frequently communicated reason for the increased rates is the overspend on the Olympic Pool which council blames on prior administrations. There may be some substance in that point; however, the current council has had the running of the project for over three years. During this time, costs have continued to increase, and schedule delayed. The only conclusion is the council has been totally inept at exercising control over the project. So, it cannot be trusted to spend additional funding wisely. The 2024 balance sheet shows the council has a total of $153m investments which, from the income statement earn $5.6m. If the pool project debt is an issue, then council could sell some of these poorly performing investments and reduce debt. An alternative would be to borrow additional funds from NSW Treasury. The pool will be an extremely long-lived asset 50 years so borrowing to fund at least partially, an income producing asset is normal practice. No financial crisis. Recently there has been circulated an assessment of where the additional funds provided by the SRV would be spent over a ten-year period. A copy is attached. The pool ($55m or 10% of total and the infrastructure backlog ($146m and 26%) have been discussed above. The first is not required and the second questionable. There are three other areas where the additional funds have been allocated are discussed below. First, an increase in "employee benefits and on-costs" $100m or 18% of the total. According to the 2024 report, employment costs increased 4.2 % over 2023. Now in the SRV they are asking for 18% or $100m over ten years or $10m a year which is 20% of the current cost. Where is the justification for a 20% increase in annual employment costs. The council has not provided any justification for this increase. In fact, the council has not demonstrated any competence in controlling its costs overall. Notable in their whole SRV exercise is a complete lack of any effort to address its own cost base. Instead, their only response has been to increase the charges for ratepayers. Second, $132m (32%) of the total SRV increase to boost internal reserves. What is the justification for this cost increase to ratepayers. The council currently has, as already noted some $153m in investment and based on the information in the 2024 income statement, provides very low return. Yet they want to take more money from ratepayers to boost their reserves a.k.a a slush fund. We do not need a council acting as an investment manager; this is not a council task; they have no expertise and we can only assume would hire expensive external advice. Third and lastly, $78m (14%) on extra services/informing strategies. The community has not been consulted in any way on these extra services. We do not need pay for further undefined informing strategies. The total lack of consultation on the basis for the SRV exemplifies what a waste this would be. In conclusion, we have a council that is proposing an extraordinarily increase in rates to support a non-existent financial crisis and a set of initiatives for which they have no license from the community. Their demonstrable incompetence in managing the Olympic Pool project and lamentable lack of transparency in this entire SRV exercise strongly suggest that it is the council executive that needs to change, not the rates.

NSC's proposed SRV will generate an extra $558 million over 10 years: Where will these funds go?



Notes

1. The SRV will generate an extra $558m over 10 years. This is calculated as the difference between rate income as forecast under NSC's Option 2A (Table 14 & 15, Long Term Financial Plan) and if rates were to increase only by the rate-peg. In total, NSC will collect $1.3 billion from ratepayers over 10 years.

2. Increased spending on employee benefits & on-costs, extra services/strategies, and increased internal reserves is calculated as the difference between NSC's forecast (Table 14 & 15, Long Term Financial Plan) and 2024/25 figures escalated by 3% annually.

3. The assumed infrastructure backlog is $146m, as reported by NSC, although other analysis has uncovered that $100m of this figure stems from a definition change used to represent asset renewal cost (that was not transparently disclosed by NSC in the financial statements that reported the infrastructure backlog). This makes the veracity of the $146m figure questionable.

4. After allocating $558m to the above items, $55m remains available for the pool and other costs. Full pool repayment within 10 years is not assumed because there is a $31m loan extending to 2042 and a portion would be budgeted for without an SRV.

5. Conclusion - Option 2A funds significantly more than just the pool and infrastructure backlogs. It covers expenditure on potentially non-essential items, suggesting scope for reducing the extent of the SRV.

After years of Council infighting, dysfunction, incompetence and financial mismanagement North Sydney Council now want Ratepayers to foot the Bill for the result, proposing an 87% increase in Rates. Most of this to finance their out of control spending on a swimming pool upgrade. In 2021 the cost estimate was $64 million, and it was to be ready in 2023. In 2025 it is still a hole in the ground, and the estimate is $122 million.
There is a cost of living crises reported on by Government, almost on a daily basis. Financial assistance packages put in place. Government intervention limiting Health Insurance premium increases to 3.73%. Households receive Energy Bill support of $300. Bulk Billing support to give cost of living relief for households in NSW.
But North Sydney Council propose increasing Rates by 87%. For me that means finding an extra $3132. I don't have an extra $3132.
They have not proposed any reduction in spending. In fact just the opposite, proposing massive increases in spending, despite their own report showing 78% of respondents oppose it.
Council should be cutting it's own spending first, instead of forcing residents to get them out of a mess of their own doing.
Their other options might include :
Internal efficiency, and cost cutting.
Deferred new spending proposals, which include $57 million in the first 3 years.
Divest underperforming assets.
Staging Capital works and infrastructure upgrades.
Assessing low interest NSW Treasury loans.
Council have refused any suggestion of alternatives, ignored residents and created misleading Reports of Council meetings.
It is my sincere belief residents would be better served if Council was placed into administration.
Thank you. Yours sincerely, [redacted]

Author name: Name suppressed

Date of submission: Monday, 10 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Dear Sir, I am totally against the magnitude of the rate rise increase being requested by the North Sydney Council. This will impose an unreasonable and harsh burden on Nth Sydney ratepayers (I am one) for years to come - it is well known that rates will never retreat - so regardless of what happens in the future with the Council balance sheet etc - us ratepayers will be burdened until infinity - property prices, interest rates, land tax valuations, building material and petrol pump prices will go up and down but rates never move other than upwards. The major premise of funding the financially mismanaged Luna Park Pool redevelopment is similarly inequitable and stands on flawed reasoning - Luna Park Pool everyone knows is a Sydney asset and marketed as such (sits on our wonderful Harbour etc etc) , schools from all over Sydney will have their swimming carnivals there, people /tourists from all over use this pool - so its simply not fair for North Sydney residents to have to shoulder the entire financial burden. An 87% rate rise is an extraordinary kick in the guts for local residents (many of whom will never use the pool I might add) - so only if a commensurate extraordinary effort to find other means to plug the financial gap has been conducted and failed to come up with a solution - should then this quantum of rate rise be considered. But this has not been the case - the high number of schools in the Council area use public facilities with no charge - eg sports training etc (again us ratepayers pay for the upkeep of parks and grounds) , idle or underutilised properties remain in Council ownership when they could be sold , and there must be other instances of lack of spending control etc. It is also unfair to suggest that residents should swallow the need to create a future "buffer" by current rate imposition when many residents will become ex residents after being forced to sell their properties due to rate burden. Given the high level of rental accomodation in Nth Sydney this will also encourage rents to rise to cover the rate increase - countering every move by National and State governments to ease the rental burden and hence the housing crisis. There is nothing good about this rate rise other than from the Council's perspective to carry out a quick fix move and going against residents public opinion - as witnessed by the amount of opposition in and around the contentious vote meeting on 10th February where residents opinions (over 90% against - submissions results) were simply steamrolled over by a determined Council . Thank you for considering my submission.

Author name: Name suppressed

Date of submission: Monday, 10 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am writing to object to the Special Variations & Minimum Rates 2025-26 proposed by North Sydney Council. My objection is based on several fundamental issues with the proposal, outlined below. 1. Flawed Consultation Process The consultation process conducted by North Sydney Council was inadequate and failed to meet the standards of genuine community engagement. The key flaws include: -Timing & Duration: The consultation period was held at a time when many residents were unable to properly engage with it. The rushed nature of the process raises concerns that the council was more interested in fulfilling procedural requirements than listening to the community. -Biased Design: The consultation was structured in a way that's not neutral or objective. Surveys were framed in a way that suggested a foregone conclusion in favour of the rate increase rather than a genuine exploration of alternative solutions. -Failure to Reflect Results: Despite overwhelming opposition from residents, the council has proceeded as if there were widespread support for the proposal. The official reports downplay the extent of public resistance and fail to adequately acknowledge the legitimate concerns raised. 2. Dismissive and Condescending Conduct of Mayor Zoe Baker and Real Independents Mayor Zoe Baker and her so-called Real Independents party have demonstrated an appalling attitude towards the concerns of residents. The following behaviours have been particularly unacceptable: -Ignoring Residents Concerns: Many community members have raised valid and well-reasoned objections to the proposed rate increases, yet these objections have been met with indifference. Instead of addressing the substantive points made by residents, Mayor Baker has dismissed concerns outright. -Condescension & Political Exploitation: At council meetings and public forums, the mayor has used phrases such as Thank you for your participation repeatedly without actually responding to the issues raised. This condescending approach is deeply disrespectful to the community and undermines the legitimacy of the consultation process. 3. Failure to Consider Alternative Financial Options The councils refusal to explore alternative financial measures before resorting to an excessive rate hike is irresponsible. Other options that should have been considered include: -Efficiencies: A review of council operations has already identified areas where spending could be reduced or non-essential assets sold. - Other Revenue Sources: The council should explore partnerships, grants, and commercial opportunities to boost revenue rather than imposing additional financial burdens on residents. - Reallocation of Budget Priorities: Council should assess whether all proposed expenditures are genuinely necessary. Some wishlist items should be reconsidered rather than automatic funding. 4. Excessive Nature of the Proposed Rate Increase The scale of the proposed rate increase is unreasonably high and unjustified. Ratepayers are already dealing with significant cost-of-living pressures, and this proposal will only add to financial stress. The councils approach appears to disregard the impact this will have on residents, many of whom are struggling to keep up with existing expenses. 5. Deception by the Mayor Regarding Pre-Election Knowledge It is evident that Mayor Baker was aware of the financial issues facing the council before her election, yet she chose not to be transparent with voters. Had she been honest about the likelihood of a significant rate increase, residents might have made different electoral choices. This lack of transparency constitutes a betrayal of public trust and raises serious concerns about her leadership. 6. Misleading Advertising by the Council The way the council has communicated the impact of the proposed rate changes has been highly misleading. The focus has been placed on minimum rates, which distorts the true financial burden that will be imposed on residents. In reality, when factoring in garbage levies and other charges, the actual average cost increase is much higher. This deceptive approach suggests that the council is attempting to manipulate public perception rather than provide honest and transparent information. Conclusion For all the reasons outlined above, I strongly urge IPART to reject North Sydney Councils application for Special Variations & Minimum Rates 2025-26. The consultation process was fundamentally flawed, the attitude of Mayor Baker and her faction has been dismissive and condescending, alternative financial options have been ignored, the rate increase is excessive, the mayor has been deceptive about this issue, and the councils advertising has been misleading. I request that IPART thoroughly scrutinise this proposal and demand that North Sydney Council engage in a more transparent, respectful, and community-oriented approach to financial management. Thank you for your consideration.

Author name: Name suppressed

Date of submission: Monday, 10 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
https://youtu.be/sFTdUSM_GJo?si=b3JKZ8BwTsjDE_2d

Author name: Name suppressed

Date of submission: Monday, 10 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
As a rate payer and resident in North Sydney for over 25 years, it has become clear that financial discipline and strategic planning have been given a low priority. The Council consists of a group of elected individuals with little experience in the control and management of large sums of money. The North Sydney Pool disaster of a cost blow-out and possibly worse still a continuing cash drain from a less than ideal finished product. The Council is one of the most privileged and fortunate in NSW with rapidly rising land valuations and numerous large new apartment complexes leading to complacency in both the Councilors and staff. Assuming the blow-out in the cost of the pool (we can only hope) is $100 million, the annual additional debt servicing charges would not be more than $6 million. Amortizing the debt over 30 years would make the annual total cost say $10 million. Completion of the pool would yield additional revenue within the next few years. With a further land revaluation upwards go come in the next couple of years, the proposal to make the 87% increase in the rate base over 2 years is absurd and a sheer cash grab for easy money to ensure a cozy life for councilors and staff spending other people's money. Given the very secure prospects of a growing rate base due to more taxpayers and higher land values, a 20% permanent increase in the rate base in one year and nothing other than future minimum pegs would provide an additional amount over $16 million to force a disciplined review of council's relaxed control of its budget. As for their argument that residents can afford much higher returns, the Councilors favoring the large increase have no grasp of the extent of the current squeeze in laving standards including for many of the homeowners who have been retired for a period of time.

Author name: Name suppressed

Date of submission: Tuesday, 11 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am writing to oppose the North Sydney Council (NSC) Special Rate Variation (SRV) which would impose an enormous and unjustified financial burden on residents and businesses. Trust in government is built on transparency, accountability, and responsiveness to the community. The proposed 87% rate increase is the largest ever considered by the NSW Independent Pricing and Regulatory Tribunal. NSC has exhibited severe financial mismanagement, and has failed to demonstrate the fiscal responsibility and integrity required to justify such a significant increase. NSCs poor financial decisions, lack of transparency, and dismissive approach to community concerns show that trust in its governance is not well placed. 1. Excess Revenue Collection The proposed SRV would generate an extra $550M over ten years, bringing the total NSC ratepayer contribution to $1.3B over the same period. NSC has not justified why this increase is remotely necessary, particularly given it would result in revenues far in excess of comparable LGAs. NSC has cited cost overruns on the Olympic Pool project as justification for the SRV but those overruns total only around $55M. Of the $146M infrastructure backlog cited by NSC, $100M is due to a recent change in the NSC asset renewal methodology. Councillors have stated that this has unduly inflated the infrastructure backlog without explanation to ratepayers or councillors. 2. Budget Surplus Contradictions NSC claims it is in an unsustainable financial position, yet its December 2024 Quarterly Budget Review reported a $13.1M operating surplus, significantly higher than the budgeted $1.6M surplus. The report also showed that NSC cash and investment holdings stood at $141M, just $3M lower than the previous year, despite the cost overrun on the Olympic Pool redevelopment. NSC expects annual surpluses of $6.5M to $8.5M over the next decade, which would accumulate an additional $67M in reserves without an SRV. NSC has not justified why it needs to extract such enormous additional reserves when many residents need that money themselves amid a cost of living crisis. 3. Concealment of Financial Distress NSC executive apparently concealed the state of NSCs financial distress until after the September 2024 local government election, only then claiming financial dire straits in justification of this SRV. Former councillor Ian Mutton has written to the minister for Local Government pointing this out and questioning why this was not disclosed before the election. Voters (myself included) would almost certainly have made different choices at the ballot box had they been aware. NSC executive engaged consultancy Morrison Low to develop the SRV plan while still in a caretaker period, just five days after the election, suggesting the SRV decision had been made beforehand without councillor knowledge. 4. Selective and Misleading Consultation Practices NSC consultation process on the SRV was not substantive. The engagement period ran from 29 November 2024 to 10 January 2025, spanning the ChristmasNew Year holiday period when many residents were away or distracted, limiting meaningful feedback. NSCs public survey was structured to prevent outright rejection of the rate increase. Respondents had to choose between four rate increase options, starting at 65%, without the ability to reject the increase or propose alternative financial strategies. A separate process of written comments elicited a more revealing finding: barely 1% of nearly 900 comments agreed with the proposed rate rises. During the 10 February 2025 council meeting which approved the SRV application, 44 registered speakers sought to address the rate rise, but only two directly supported the proposal, while 25 spoke against it. Many who attended felt dismissed by the mayor and councillors. On the night, the mayor dismissed opposition to the SRV by claiming that such opposition was due to political action by the Liberal party. As a resident and ratepayer it is utterly distressing to have your earnest views dismissed on baseless charges of political conspiracy. Many of the critical public speakers were residents, often with professional qualifications in accounting, business or governance, who did not have political affiliations. 5. Poor Project Management and Financial Accountability NSC has an appalling track record on bringing projects to completion on time and budget, and this SRV will enable more waste. This proposed 87% rate increase is an unjustifiable financial assault on North Sydney residents. NSC has failed to adequately justify such an enormous increase, and its track record of financial mismanagement, lack of transparency, and dismissive attitude toward the community makes it impossible to trust NSC with such an increase. I urge IPART to reject this proposal and insist that NSC go back to the drawing board, and to North Sydney residents, to find more responsible, transparent solutions to its financial issues.

Author name: Name suppressed

Date of submission: Wednesday, 12 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am a rate payer of North Sydney Council)NSC) of over 30 years. NSC proposed rates variation should be denied and only the standard increase approved for this and later years. The misleading financial and related material crafted and published by NSC significantly overstates the extent of its need for additional revenue. The cost blowout by NSC errant management has been given over emphasis as a reason for the rates variation. NSC funding requirements could reasonably be met from prudent commercial and financial decisions without the the increase. The capital works upgrades and also new assets acquisitions planned by NSC, along with the NS pool completion, should be managed over additional years, not the applied increase to unjustifiably hit current rates payers for NSC grandiose infrastructure expansion dreams. The majority of the new NSC councillors and the current Mayor (elected before their shocking disclosure to rate payers of their so called financial crisis), without candid explanation or apology) were in those same positions in the preceding years of financial mismanagement) . To grant the rates increase would be both a reward for their financial harm to ratepayers and also encourage disingenuous and lazy behaviour in the future. Hopefully the video by ratepayer Dr David Bond exposing the financial reporting by NSC manipulation of its finances to overstate the need for funding will be available yo you as evidence of NSC disingenuous behaviour in its rates application. If the NSC application is approved it will deny due process and cause life changing unfair financial hardship across the municipality,

Author name: Name suppressed

Date of submission: Wednesday, 12 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Approximately 10% of the land area of this council area is non-rate paying, excluded on the basis of being a church , school or other exempted entity. It is time to charge rates to all, as they use local services and expect the benefits of being in an affluent area but are not contributing to it.

Author name: Name suppressed

Date of submission: Wednesday, 12 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am a North Sydney resident and I strongly object to this special rate variation to fund North Sydney Swimming Pool. I think the amount being sought is completely excessive and unaffordable for some people. This pool will be used by many people including those who live outside the area but work in the area, by schools for swimming carnivals during which time the pool will closed to residents and It is also an iconic landmark that attracts many people at other times. I therefore think it is unacceptable to expect the burden of this to land solely on local residents as it is not only for local residents. Other government agencies should be assisting. The other issue is once the levy is applied it may be difficult to remove as there will be no doubt more cost overruns. Add to that not all residents are able to use the pool for various reasons so are paying dearly for something they dont want.

Author name: Name suppressed

Date of submission: Wednesday, 12 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I oppose the special rate variation and feel that the community has sent a strong message that they oppose the rate increase also . From what I have read , many cite that there has not been proper transparency or consultation on the matter . No decision should be made on rate variation until litigation over the North Sydney Swimming Pool is completed because how a pool blew out by tens of millions really does question the process of due diligence. The Minister for local government should order an immediate enquiry perhaps through ICAC as we are talking multimillion dollar blow out for a swimming pool ! Additionally the council had new expensive parking metres installed that no one likes , other than the council and the operator. These metres are totally reliant on a person owning a smart phone. Seems to me the level of incompetence requires an investigation into the competency of both the Councillors and senior management before anyone decides if Council should have a variation approved .
Additionally the NSW State government has turned North Sydney into a building site and I feel the Council should be given a special grant for any funding shortfall that the Council needs to pay off the pool debt . Between the freeway upgrade and the metro , the residents have had a huge burden of life disruption not dissimilar to other places across Sydney where the government had to pay compensation. Not sure how you can pay residents for disrupted sleep or quality of life degraded for a significant number of years . But a special funding grant for the pool might be a bit of a sweetener . Once the pool debacle is sorted , lets go back to the drawing board and then see what are the core business of Council and do a budget accordingly.

Author name: Name suppressed

Date of submission: Thursday, 13 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am writing to voice very strong opposition to the dramatic rate rise that North Sydney Council is proposing. I believe that the size of the proposed increase is outrageous and cannot be justified, i.e. now asking to raise $544 Million of which over $150 Million is for new projects!! I also understand that the Council has for the report reclassified assets and brought forward expenditure from approx $45million to $147million! A practice which no other Sydney Council has undertaken. The Council has totally mismanaged finances to date and should only be allowed to cover existing expenses until a new Council is elected or an administrator appointed. The current Councils cost containment strategies cant be relied upon and trusted, especially given their track record on the financial management of the North Sydney Pool! Ratepayers were also totally misled prior to the Council elections back in September 2024 when there was no mention of any major financial problems/crisis! Other options for managing Council's weak financial position' (e.g. assets sales/long term borrowing/expected revenue from the redeveloped pool complex, reviewing Council staff numbers and salaries, etc) have not been presented to ratepayers. And the initial survey was flawed, not distributed to enough ratepayers and worst of all conducted over the Christmas/New Year holiday period! The management of the proposal was disgraceful and treats ratepayers as fools! i.e. the initial survey didnt allow ratepayers to object to any of the proposed increases. We couldnt even get into the Council meeting debating the issue along with hundreds of other ratepayers. The Council has the arrogance to say that ratepayers can afford the massive increase. This is simply not true - virtually over half of our neighbours are pensioners and are barely keeping up with ongoing costs. 15% of households in North Sydney have less than $1000 per week income and 24% earn less than $1000 a week. I saw mention of the impact of Covid - but I also wonder about the additional revenue from all the new and future home units that have been built over recent times? Plus I think that all the private schools in the North Sydney area should be forced to pay their fair share of rates especially as they use all the local facilities. With many local families and households already managing tight budgets, and local businesses still recovering from Covid, this rate rise will see many locals having to cut more to make ends meet. One very established publican told me on the night of the Council meeting which we couldnt get into that they will close up their business if this rate increase is approved. Clearly the Council is out of touch and has not managed its financial affairs responsibly and effectively. As one of Australia's largest commercial areas which has previously always managed to produce surpluses the current stated situation is totally unacceptable. Any logical way forward would be to immediately reduce and cut ongoing costs/expenses, especially new projects, only raise rates in line with other like Councils, and go to the State and Federal Government to help clean up the financial North Sydney pool mess, as it's a National icon. If they are not willing to help, all ongoing work should be suspended. I urge IPART to reject North Sydney Councils proposal and not unfairly burden local ratepayers. I would support intervention by way of appointment of administrators to run Council affairs until the situation is satisfactorily remedied

Author name: Name suppressed

Date of submission: Thursday, 13 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Regardless of whatever else it says, the reason Council is requesting an 87% rates increase over two years to cover its gross mismanagement of funds in recent years. This is unacceptable. No productivity improvements will be delivered by the proposed rates increase. The increased rates would simply be used to cover previous Council mismanagement. My wife and I have retired from the workforce and rely on our Superannuation Fund monthly pay outs. Due to the current tariff wars, our Super funds are already going backwards, and the tariff wars have only just begun. Electricity costs are set to increase by around 10%; home and contents insurance by around 14%; and private health insurance by around 4%. Council is misguided in believing that all or most of its ratepayers are comfortably coping with the cost of living crisis. This is not the case. Instead of pursuing such an outrageous rates increase, Council should be required to fund its shortfall through other means.

Author name: Name suppressed

Date of submission: Thursday, 13 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I strongly disagree with the proposed rate variation as it is excessive, particularly given today's serious cost of living pressures. Council have not been open and transparent with the community about the need for a rate rise. They hid the fact they were going to apply for a rate rise before the last Council elections, even though they knew about it 5 months prior to the local government elections. Council has mismanaged a number of large infrastructure projects such as the North Sydney Olympic Pool Redevelopment and the recent parking meter roll out. The Council have not been open and transparent about their financial situation and continue to spend money on their pet projects without any regard for community expectations or feedback. The community has lost confidence in the Council's ability to manage its budgets and successfully deliver projects. In my view an administrator should be appointed, and the Council executive and councillors be removed.

IPART

Email: ipart@ipart.nsw.gov.au

14 March, 2025

Submission re: North Sydney Council SRV Application 2025-26

The council continues to engage in unnecessary expenditure.

The council wasted $122m refurbishing the North Sydney olympic pool. This was a clear case of financial mismanagement.

The council spent over $1m in legal fees arguing about the heritage value of the MLC building.

North Sydney Council has just ***started*** installing a new bike lane in Grosvenor St / Young St Neutral Bay / Cremorne and removing the roundabout. See photos below.

This is clearly not a council in "financial crisis" as the mayor would have us believe. They continue to spend large amounts of ratepayer money on completely unnecessary discretionary expenditure. This is happening now.

Current unnecessary expenditure on Grosvenor St / Young St cycle lane in Neutral Bay / Cremorne.

In my opinion, this latest cycle lane project has zero planning merit, zero community support, and makes no financial sense.

This bike lane will not run from anywhere to anywhere, but is merely a pointless vanity project.

The council says that these bike lanes are supposedly a "green transport initiative".

See photos below dated today 14th March, 2025.

The council has spent millions installing random cycle lanes all over the place, which no-one asked for, and are rarely used. They are hazardous to motorists, pedestrians and residents. They reduce traffic-flow, reduce on-street parking, and increase future maintenance costs and hence future rates. Their construction consumes large amounts of fossil fuels and concrete.

The mayor and council administrators seem to think that this uncontrolled spending will turn North Sydney into some sort of "eco-utopia", which is delusional. They appear to be driven by misplaced ideology rather than confining themselves to the delivery of good quality basic services. In fact, they are just making daily life more difficult for local residents by placing obstacles in the way.

The LGA is characterised by tower blocks, freeways, heavy traffic congestion, and a shortage of parking.

Regardless of what the council thinks, North Sydney will never be a "green transport" paradise

This uncontrolled and unjustified discretionary spending is evidence of a lack of financial competence on behalf of the council – it is doing a very poor job of managing the current resources at its disposal.

IPART should reject in its entirety North Sydney's 2025-26 SRV application. Such an extreme increase in rates would only be sending good money after bad.

IPART must not approve a lesser increase. Instead, North Sydney must comply with the basic rate peg.

Author name: Name suppressed

Date of submission: Friday, 14 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Firstly I am very grateful we have this further opportunity to voice our opposition to these drastic and damaging proposals from North Sydney council, thank you. I strongly urge and implore this organisation to not allow this 87% rates increase to go ahead. For several reasons: The primary driver of this increase is the $60m blow out of the North Sydney Pool revamp. Families, rate payers and local businesses should not be decimated financially because of this council's unbelievable financial mismanagement. Where is the accountability for such a devastating loss of financial control? Surely there has to be another avenue to solve this problem rather than impacting the lives of thousands, most of whom will never use the North Sydney Pool. For example can private money be sought to help remedy this before rate payers are paying for this massive error made by this council and lives are negatively impacted now and into the future. Further, I genuinely have no faith in this council to properly manage the funds it has now or is seeking with this drastic rate increase. We are all in an awful cost of living crisis right now. The inflation battle is just turning a corner but remains on a knife's edge. The current global situation could make both of these issues much much worse. In good conscience how can North Sydney Council seek an 87% rate increase on the community and worse on local business. This will decimate the lives of young families, old folk already doing it tough, local businesses already struggling to survive. At the big end of town property companies Stockland, Mirvac and Lendlease were reported commenting on how this rate rise would jeopardise the office precinct and make North Sydney a less attractive place to do business. Small business owners have been reported to say they will have to shut down. This rate rise is a reckless destruction of local community. Opposed by rate payers, small business and big business. It must not be approved. The North Sydney Sun reported that in the recent community consultation by North Sydney Council, suspiciously conducted over the Christmas and Summer Holiday period, less than 1% of submissions supported a rate rise. Less. Than. 1%. I implore Ipart to acknowledge this in their decision making. Locals were in fact only given three choices when responding ranging between a 65% and 111% rise. The game was fixed. This wasn't true consultation it was a sham designed to get a specific outcome and to exclude opposition to a rate increase. I personally responded to the survey and made this point clear. I ask Ipart to take this total lack of true consultation into the decision making process as the findings would be vastly different to what North Sydney Council may have provided to you - in short, the findings of this survey are flawed and therefore null and void because you couldn't submit your survey unless you clicked to agree on one of the three uplift amounts. Finally the people of North Sydney weren't asked if they wanted the pool upgraded, they watched in horror at the bungling way it was financially managed and the costs snow balled further and further out of control and now they are being asked to pay for that irresponsible use and management of public funds. This is wrong. I passionately ask Ipart not to endorse what has happened here. Do not endorse the devastating impact this rate rise will have on families, inidividuals, older members of the community, much loved local small business in this brutal time of a cost of living crisis. Before we commit to any lift above CPI there must be another way, and time must be given to seek that other way with proper and transparent consultation with the community. Thank you.

Author name: Name suppressed

Date of submission: Friday, 14 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
wish to object in the strongest terms to the application from North Sydney Council for the enormous increase in rates. The Council elections were held 6 months ago and no mention was made of any increase let alone of this dimension. The Council has mismanaged the Olympic Pool rebuild and wasted millions of dollars through poor financial decisions. The Council should be sacked and an administrator appointed as soon as possible.

Author name: Name suppressed

Date of submission: Friday, 14 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I don't believe ratepayers should bear this cost blow out over the short period suggested. The council assets including the pool will be with us for many years. There cost recovery should be shared over as many years. Options to do this include low interest loans and or a rate levy over the lifetime of the assets.

Author name: Name suppressed

Date of submission: Saturday, 15 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Good morning I am opposed to this increase. It seems ludicrous that this should be allowed to go ahead because of the mismanagement of a project of which not all the community utilise. Someone messes up the project and then expects the rate payer to fund the mistake. Its like me crashing my car and expecting the council to pay for it. There have to be other options available in order to fund the shortfall on this specific issue. -- Privatise the pool. - Long-term lease. - Public-Private funding combinations. - Federal options (historic landmark etc) This raises concerns that other key council services have been suffering as this issue has arisen. This should be dealt with separately and thus funding should be separate. Kind regards [redacted]

Author name: Name suppressed

Date of submission: Sunday, 16 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
As a single parent of two children under 6 years, I oppose the rate increase. The facade of fixing the north sydney pool with the money is not true, and the money is just to increase their bank account and fund other non essential activities. I think more information on what they are spending the increase on before anything is approved is required!

Author name: Name suppressed

Date of submission: Sunday, 16 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am writing to express my outrage and strong opposition to the proposed rate levy increase, despite the clear financial mismanagement and misappropriation of ratepayer funds - most notably in relation to the failed redevelopment of the North Sydney Pool and Council lining their pockets for the future rather than exercising appropriate fiscal management and considering selling some of their large portfolio of vacant real estate. It is absolutely unacceptable that North Sydney residents are now being asked to bear the financial burden of what is clearly poor planning, lack of oversight and reckless spending. The pool redevelopment was a project that should have been a straightforward infrastructure upgrade to a community asset, yet it has spiralled into a costly disaster with no accountability in sight....a symbol of complete and utter financial incompetence. Not to mention....people come from far and wide to use this pool, it's not for the exclusive use of North Sydney residents so why are we paying for the rest of Sydney to have a new pool??? If this kind of financial mismanagement occurred in the private sector, those responsible would be fired - immediately!!! No business would survive if it continually blew budgets, failed to deliver on key projects, and then turned around and demanded more money from its customers to cover its own incompetence. Yet here we are, with the Council expecting residents to pay for its mistakes rather than taking responsibility and rectifying the mess internally. This is not just bad governance - it is a fundamental failure of leadership and an outright betrayal of public trust. Ratepayers demand and deserve responsible financial stewardship, transparency and accountability....none of which have been demonstrated in this situation. This is an insult to North Sydney residents and we refuse to pay for the mistakes of those who have failed in their duty of responsibility in managing community assets. Finally, how dare Council assert that 'due to high levels of advantage and relatively low potential for mortgage stress....it considers that there is capacity to pay across all groupings in North Sydney'. This is just outrageous and classist beyond a joke....just because people have mortgages in an area more affluent than somewhere like Sydney's West, DOES NOT mean that we're rolling in it and have money to burn. The assertion that we can just afford it because of where we live is disgusting....and something that would never be said if we lived in the West....it is a gross generalisation and should not be the basis for any decisions regarding rates. I urge you to consider the residents in this LGA who are already under stress from the cost of living just like everyone else in Sydney (we're not immune to that just because we live in Sydney's North). The Council need to be held to account and if they cannot manage ratepayer funds appropriately, then perhaps they should step aside and make way for those who can.

Author name: Name suppressed

Date of submission: Sunday, 16 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am opposed to the high percentage rate increase NOrth Sydney Council is attempting to impose on local rate payers . Certainly not opposed to an increase consistent with or a little higher than CPI but 87% is obscene , North Sydney Council has a number of alternative ways to raise revenue and reduce expenditure without inflicting such a cost burden on local residential ratepayers . Not all North Sydney catchment ratepayers can afford such an impost and many are suffering from high day to day essential living and medical costs . Suggest the local community would support a modest increase up to 15% but not anywhere near 87%.

Author name: Name suppressed

Date of submission: Sunday, 16 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I do not support the proposed rate increase. I have rented homes in North Sydney LGA for over 20 years. It has become increasingly difficult to find affordable housing for my family of 5. I am at the whim of landlords who want to sell or increase profits on their investment properties. NSW - and Sydney especially - in experiencing the double whammy of a housing crisis and cost of living crisis. This state government has committed to helping struggling families like mine. We a two income family we struggle to pay the bills as it is. We will never be able to own our own home. Housing security is low, and now we fear that once again we will suffer from increasing costs to landlords. If its not interest rates its rate rises. Please look at this proposal in the context of our ordinary families who live in North Sydney. Please look at this in the context of a council struggling to pay for a piece of major infrastructure (pool) that no council these days has the financial capacity to manage. Major infrastructure and heritage facilities that benefit all of a city like Sydney need to be managed by State government in the same way the botanic gardens and opera house are. Please do not punish local residents for a council that was way in over its head - appointed to manage local parks, libraries and gardens for public, not massive building redevelopment. Please consider the lasting impacts this rate rise will have on the cost of housing forever

Author name: Name suppressed

Date of submission: Sunday, 16 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I disagree with need to increase rates by exhorbitant percentage proposed. It would seem that Infrastructure Backlog and Informing Strategies are way over the top and that methods of calculating these have changed,meaning that proposed necessary increases not accurate. North Sydney can not support greatly proposed population increase. Traffic along MIlitary Road already impossible. We need more green space and more trees - forget about Festivals to cheer people up, they'd feel better with more outdoor living space. I've always backed North Sydney Council in the past, realise we paid lower rates than many other Councils, but this increase is unreasonable. I am one of many elderly concession holders in this Municipality, who will have difficulty in paying such large increase.

Author name: Name suppressed

Date of submission: Sunday, 16 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am sure what I am saying is what thousands of the residents saying, increase in smaller amount, so, we can cope better. 87 percent is just RIDICULOUS. LISTEN TO THE PEOPLE OF NORTH SYDNEY. THANKYOU. Regards [redacted]

Submission Against the Rate Increase Proposed by North Sydney Council

I write as a North Sydney ratepayer who opposes the drastic increase in rates of 87.5% over two years proposed by North Sydney Council.

<u>No Demonstrated Need for the Additional Income via a Rate Increase</u>

i. The only need for additional income has been created by the Council's mismanagement of the North Sydney Pool. Their own document to IPART confirms that "*contract risks*" remain.
ii. The appointment of the builders for the pool should have been more transparent. The false economy of engaging builders who have not been able to complete the work when it has been suggested by some residents that Lend Lease was rejected, demonstrates the lack of business acumen of the councillors as well as the council's decision to internally manage the project without the appropriate expertise.
iii. North Sydney Council has multiple properties which could be sold.
iv. Although North Sydney Council is pleading poverty, the Mayor has refused all development applications for the MLC Building in Miller Street over her insistence that its heritage status cannot be appropriately accommodated.

<u>Lack of Evidence of community awareness and engagement</u>

i. The Council in its submissions to IPART provides details of meetings and surveys amongst the community. This is factually correct. What is misleading is that there is no evidence provided of the multiple demonstrations and rejections of the proposed increase as replayed and discussed on the various media platforms.
ii. The same strategy was employed when promoting the redevelopment of the North Sydney Pool. As locals, we had only wanted a restoration of the pool not a redevelopment of the whole site. The North Sydney Pool design with the massive size and imposition of the restaurant storey/stories has created a blot on the landscape. It was not apparent from the designs how much of the water views would be lost to residents, tourists and visitors alike by the restaurants. There has been no explanation or justification for the restaurant owners to have been given such a monopoly on the views of the Sydney Harbour foreshore which should be available to all.
iii. Residents were told that the pool desperately needed repair for safety and longevity. This did not and does not justify the structure which is now growing taller depriving residents and anyone picnicking in Bradfield Park of the views which should be available to all Australians not just the privileged who can dine in the restaurants on the top of the pool.
iv. At no point was the impact of the height of the building clearly explained to residents. It was not until PricewaterhouseCoopers delivered their report in 2022 that we learnt that the contract was signed by Council without a final design or without any proper site investigations. This has exposed the Council and now residents as ratepayers to the risks inherent in a contract

without a proper scope. The building should be reduced to its original height curtailing the extended delay in completion.

v. We are seeing the same obfuscation in relation to where the proposed rate increases will go.

vi. It is noted that the North Sydney Council minutes which were submitted to IPART did not include a record of speakers at the 10 February 2025 Council meeting where a large proportion of those attending spoke against the increase.

vii. It is also noted that North Sydney Council uploaded its minutes for that meeting between 11.06pm and midnight on 10 February 2025 which raises the issue of whether Council gave due consideration to the negative feedback it received from many at the meeting and instead lodged its application without acknowledging the community's views.

<u>The Impact on Ratepayers is NOT reasonable</u>

i. Milsons Point and its surrounding suburbs are considered the home of wealthy people. Yes, there are some extremely wealthy people who live here but there is also a massive amount of retirees who are living on a set income which is being eroded by the cost of living crisis as well as young couples who are managing small families in apartments because they cannot afford to buy a home.

ii. To say that there is a low number of pensioners and that the Council has hardship support, again, is dismissing the reality of those living in a cost of living crisis, often deemed the working poor or for those who may be asset rich but cash poor. Older residents need to ensure they have enough to live on while no longer earning a standard and ongoing income.

iii. Residents accept that the council has to maintain infrastructure and support the community and would accept the inevitable CPI increase and if necessary, a more modest increase. However, 87.5 % over 2 years is unreasonable and untenable for many ratepayers in the area.

<u>Where are Council's Productivity Improvements and Cost Containment Strategies?</u>

i. The Council has mismanaged not just the North Sydney Pool Project but also other areas such as streetscapes. They have not demonstrated that they know how to contain costs or balance costs and productivity. Their own document to IPART confirms that "*contract risks*" remain in relation to North Sydney Pool. [Page 15] Has the Council explained what those risks are or more importantly the financial impact on ratepayers? Does this mean that the pool costs will blow out further? Is there any way of quantifying these risks?

ii. The Council wasted money on a multi-coloured pedestrian plaza deemed "Burton Street Plaza" which local residents and businesses complained was out of keeping with the area. This was then removed and upgraded to a style that matched what seems to have been the original concept. How much did this cost?

iii. The Council installed another pedestrian area on Miller Street, North Sydney, the “Miller Street Pop-up.” This has created a traffic nightmare for buses and traffic in general. Originally, the Pop-up had 2 upright pianos which were left out in the rain and were so damaged that they were abandoned and removed. The Pop-up also caused a lane to be partially removed on Miller Street which is a major arterial road. Buses and cars can no longer turn left from the Pacific Highway. Buses crossing the Pacific Highway coming from North Sydney Station have to rejoin the only lane going up Miller Street which causes hold-ups in traffic and cars unintentionally left across the Pacific Highway when the lights change to red. This also occurs when cars turn right from the Pacific Highway into Miller Street. In rain and peak hour, taxi and uber drivers complain that it is absolute chaos. With residents’ support Council has now decided to convert Miller Street up to Berry Street, into a pedestrian walkway. Such a project will need oversight with knowledge of the interplay between local and state government and local businesses. Will Council engage the appropriate management with the appropriate expertise or will this be another blow-out in Council’s budgeting?

iv. The Council now want us to accept that they are putting in structures internally to make the Council more efficient and that such structures have an implementation cost. The structures are touted to have an ongoing reduction in costs. Why is this not reflected in a smaller rate increase as the costs reductions take effect?

It is noted that PricewaterhouseCoopers delivered in December 2022 a review of Council’s management of the pool renovation which was partially released by North Sydney Council and which, in summary, concluded that:

- The construction contract negotiation and signing was expedited, with the agreement signed on 31 December 2020. This expedited award created issues for the project as the design documentation was incomplete and site investigations were ongoing, leading to early variations and delay.
- A contracting strategy was not undertaken to inform the selection of the appropriate form of contract. In addition, the contract terms used were not familiar to Council.
- Council had limited recent experience delivering projects of this type, size, and complexity. An external Project Manager was appointed but removed from the project after the concept design phase.
- The governance structures/steering committee did not include an experienced technical expert/advisor to advise on the challenges and mitigation opportunities.
- Risk management practices were not at a level that could support effective decision-making in a project of this complexity and scale, and some of the risks and mitigations identified were not managed or implemented during the delivery of the project.

[https://www.northsydney.nsw.gov.au/ecm/download/document-10421217]

Summary Submission

Accordingly, it is submitted that the Council has not demonstrated that it can manage the funds allocated so far by ratepayers.

The Council committed millions of taxpayers' monies to a project that did not have complete design documentation let alone site investigations which were germane to any meaningful costing. What assurances do we have that a similar disregard for standard processes will not arise again in Council's future management of infrastructure and other projects the Council is citing to justify such a massive rate increase?

Providing the Council with more money will not improve the situation. It will only provide Council with more money to mismanage and promote spending that is untenable as demonstrated by the Council's misuse of ratepayers' money in the mismanagement of the North Sydney Pool restoration.

Accordingly, the North Sydney Council has not demonstrated that a rate increase of 87.5% over two years is justifiable nor that the Council would be able to be fiscally responsible in managing such a large increase in funds.

Author name: Name suppressed

Date of submission: Monday, 17 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
As a Ratepayer in North Sydney Council. their unbelievable request for an 87% Rate increase based on the Total Incompetence of the North Sydney Olympic Pool Refresh is not justifiable The Council & the North Sydney Council Employees who oversaw the North Sydney Olympic Pool Debacle need to to be sacked and an Administrator appointed. The following sums up my thoughts as well "North Sydney Council has doubled down on its proposal to impose an 87 per cent rate hike on local residents and businesses, rejecting a rescission motion put forward by three councillors. Councillors Jess Keen, Efi Carr and James Spencerly voted against Council's motion on Monday night which passed 7-3 in favour of the rate rise. Hundreds of concerned residents attempted to pack into the chambers in Council to voice their concerns about how they were to be impacted by the proposal. the three opposing councillors have been working to achieve a better outcome for locals. The blunt rejection has left residents and business owners in the lurch as their pleas for mercy on the hike were ignored. The councillors submitted a rescission motion for the Council to withdraw the current Special Rate Variation (SRV) proposal of 87 per cent over two years and to consider a 20 per cent increase in rates for 2025/26 only. "Unfortunately the motion was rejected," Ms Keen said in a statement to embattled residents. "We will continue to advocate with you and stand with you next stop IPART will update you once we have the information." Local business owner Anthony Talbot described the Council's SRV proposal as a "catastrophic, complete c**k up". "I can see a lot of shop doors closing. An 87 per cent increase is just absolutely outrageous," he told SkyNews.com.au. When asked how his business will handle the rate rise, he said he could only push on, adding: "what else can we do?" The proposed special rate variation (SRV) will see a 45 per cent increase for the 2025-26 financial year and a 29 per cent increase for the 2026-27 financial year. North Sydney's Council's executive summary said the "cumulative impact" of the proposed SRV is 87.05 per cent over two years. An 87 per cent hike will see Mr Talbot pay about another $9,000 a year in council rates. He said the council's decision adds to the already "crazy" cost of living crisis facing small businesses through high electricity and delivery costs. "The Council are just not responsible ... where has all the money gone? Nobody can find where the money's gone. If (Council) was a business, and I was running that as a business, I'd be bankrupt," Mr Talbot said. "They've got to be held responsible for what they're doing. It's just disgusting." The rescission motion had asked Council to "acknowledge the need for transparency regarding the financial implications" of the 87 per cent SRV. It also asked for a "comprehensive review" into why Council thought the 87 per cent figure was justified. The motion also demanded a resolution be passed that Council "acknowledge the existence and validity of North Sydney rate payers opposition to the proposed rate rise". It followed Ms Keen saying how she couldn't fathom that the other members of Council didn't consider the desperate plight of some residents who called for leniency on the rates. "Doesn't the amount of people and how upset they are, give you the indication of how the community feels? That wasn't taken into consideration last night," she said on Wednesday. "I had people in tears talking to me, I had people saying I dont know how to make ends meet. These are residents who have lived here a long time." After the rejection of the rescission motion, Ms Carr said it was clear the decision to increase rates was "already made by the time the Council meeting took place on Monday night". "It did not matter what the resident said at the meeting. The submission to IPART was actioned immediately after the meeting," she said." https://www.skynews.com.au/australia-news/politics/catastrophic-north-sydney-council-refuses-to-rescind-proposed-87-per-cent-rate-hike-for-residents-despite-new-pleas/news-story/bf4533ddc579fc72b4642dee685e9ece https://northsydneysun.com.au/community-politics/north-sydney-pool-cost-blows-out-again-now-122-million/ https://www.news.com.au/finance/money/costs/shocking-north-sydney-council-to-vote-on-111-per-cent-rate-hikes-to-pay-for-botched-pool-redevelopment/news-story/65fee2c92316d8fe618b58890fd8d7f1

Author name: Name suppressed

Date of submission: Tuesday, 18 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The proposed rate increase of 80%+ is far too high when compared with Council I. Other suburbs Due to inflation, a reasonable increase of under 20% is more acceptable

Author name: Name suppressed

Date of submission: Tuesday, 18 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Cost of living pressure is high. I have always tried to keep my tenants rents affordable and under the market, but such an increase in intolerable and I will have to substantially increase the rents to recover the increase of taxes, which will unfortunately put more pressure on the cost of living of my tenants.

Author name: Name suppressed

Date of submission: Tuesday, 18 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I tried to fill out the community feedback but when there was no option to disagree with the enormous proposed increases, I wasn't able to proceed. I did attend the council meeting on Monday 10th February and it was very disappointing that 7 of the councilors, including the mayor, had obviously already made up their mind to vote for the 87% increase in complete contradiction to nearly everyone who spoke against the increase. The proposed increases appear to be a cash grab with the council blaming the former council/pool. It appears the council has changed how they are managing assets and this has increased the costs from $40m to $140m. They have also created a wish list strategy that doesn't have any detail on how the money will be spent. Based on the information provided to date, it appears clear the council is not in a financial crisis. It is also amazing that there was no mention of the financial issues prior to the council election that was held only months prior to the issue being raised last year. I think an increase around 10-20% would be much more reasonable.

Author name: Name suppressed

Date of submission: Tuesday, 18 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I will be retired at the end of this year. I live a unit which I am fortunate enough to own. This is a very liveable area with very good access to public transport. I am self-funded. Unfortunately, the proposed increase in the council rates is so huge that I will have great difficulty financially if it should be passed. A friend who owns and lives in another unit told me she may have to sell up and move to another area as she will no longer be able to afford living here if the rate is approved

Author name: Name suppressed

Date of submission: Tuesday, 18 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Dear commissioner, I am writing to you on behalf of my wife and myself. We are self funded retirees and are horrified at the prospect of having a 80% plus increase imposed on ur over two years. If it was over 10 years than that would be sustainable. It isnt fair that private schools pay no rates and are buying up realestate in our area from rate payers. This has placed an enormous burden on people like us. We are 73 years old and 78 years old. We cant get a job to pay for this impost. Its not as if we could do overtime. Please help us and have private schools pay their share instead of getting off Scott Free

Author name: Name suppressed

Date of submission: Tuesday, 18 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am a residential rates payer in north Sydney local government area. 87% increase is enormous. It is far more substantial than the increases in other local government areas. North Sydney council reported a budget surplus last financial year. How is an 87% increase required when the budget is in surplus? Council have not specified what increased costs are upcoming to justify the increase. [redacted]

Author name: Name suppressed

Date of submission: Wednesday, 19 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Dear IPART Submissions Team, We are writing to express our strong opposition to North Sydney Council's proposed Special Rate Variation (SRV) for 2025, which seeks a cumulative rate increase of 87.05% over two years. This proposal is excessive and unjustified for several reasons: The proposed rate hike will cause significant financial hardship for our family. Prices for essential goods and services have been increasing rapidly over the past two years, and we have already made many sacrifices to stay afloat. However, the financial pressures continue to mount. While we are doing our best to manage, we are struggling to make ends meet. The councils proposed rate increase makes other recent price risessuch as those for groceries, power, and insuranceseem reasonable by comparison. There is something fundamentally wrong when our Council imposes such an extreme burden on its residents. The council has failed to adequately explore alternative strategies to minimise the impact on ratepayers. For example, Councillor James Spenceley proposed more moderate rate rise options combined with debt financing, but the council majority rejected these suggestions without providing any reasoning. This demonstrates a lack of willingness to consider balanced solutions that could ease the financial burden on residents while addressing the councils financial challenges. The council has provided limited information justifying the need for such a significant rate increase. While it cites a $147 million infrastructure backlog, it remains unclear how this massive hike will be allocated in the future. According to reports in the North Sydney Sun, only a fraction of the proposed increase would be required for projects such as the pool or other essential infrastructure upgrades. This lack of clarity raises serious concerns about the transparency and accountability of the councils financial planning. The councils decision to conduct public consultation during the busy Christmas period was poorly timed and may have been a deliberate attempt to minimise negative feedback. This timing is inappropriate for such an important proposal and undermines the integrity of the consultation process. Further, we object to the fact that only one town hall meeting was held at the council chambers, which excluded many residents from participating fully in the discussion. The majority of attendees were left outside and unable to express their views. On an issue of this magnitude, it is essential for the council to demonstrate genuine commitment to community engagement by providing multiple opportunities for residents to contribute their perspectives. The overwhelming majority of residents oppose this rate hike. According to data published in the North Sydney Sun, 99.2% of submissions during the January consultation opposed the highest rate increase options, with only 0.79% expressing support. This clear and overwhelming community sentiment should not be ignored by either the council or IPART. In conclusion, we strongly urge IPART to reject North Sydney Council's proposed SRV and recommend that the council explore more equitable and sustainable solutions to address its financial challenges. Residents should not be forced to shoulder the burden of poor planning and project management through such an extreme and permanent rate increase. Thank you for your consideration of this matter.

Author name: Name suppressed

Date of submission: Wednesday, 19 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
My husband is retiring at the end of the year, joining an abundance of other retirees living in this council area. Everyones feeling the pain of increasing costs of everyday living , especially with increasing electricity cost, food costs and other aspects of living. How can we afford a doubling of council rates as well? There are some thinking of having to sell their property to maintain some comfort in old age. A recently widowed friend is in this crisis situation. There are others too , Im sure.

Author name: Name suppressed

Date of submission: Wednesday, 19 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The proposed SV rate increase will cause increased hardship for all ratepayers on a pension or a superannuation pension, as it will cut further into the fixed funds they have for their daily living expenses. Could all those on pensions or superannuation pensions be exempted from the SV increase ?

Author name: Name suppressed

Date of submission: Wednesday, 19 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am a 75yo woman and have been renting the same unit in [redacted] If the rates increase suggested by the North Sydney Council goes ahead, I'm positive my rent will be increased so substantially that I will have to leave the North Sydney LGA, which I don't want to do. My work and friends are close by and I want to stay in the area. I still work part time in order to survive financially as a tenant paying market rent. I understand that the owner will want to increase my rent if the rates are increased by 87% however, such an increase in my rent will adversely affect my life financially, physically, emotionally and mentally. I am already stressed at the thought of such an increase. An 87% increase by the North Sydney Council is unconscionable and I object to it in the strongest terms, not just for myself, but everyone else in the area. Thank you for reading my submission.

Author name: Name suppressed

Date of submission: Wednesday, 19 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
We oppose the rate increase proposal. We note that North Sydney Council has not proposed other options for fiscal repair, and in fact has proposed increased spending on a wide range of new initiatives. Council should be cutting its own spending first, and assessing the performance of its own assets, before asking residents and businesses to pay more. These rate hikes, if implemented, will place an unnecessary and unfair financial burden on local households and businesses, many of whom are already struggling with the rising cost of living.

Author name: Name suppressed

Date of submission: Wednesday, 19 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
An increase this great is absolutely absurd, just because you live in North Sydney doesn't mean you have heaps of cash to splash around. I know personally that we are living paycheck to paycheck so this increase will have to come out of our budget for food or medical appointments, and you can forget any type of entertainment because of the increase. I don't see why we should have to pay for the council screwing up the North Sydney pool, it was absolutely fine and it had only been recently renovated, I cannot understand why they would renovate it and then tear it down to renovate it again.

Author name: Name suppressed

Date of submission: Wednesday, 19 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
As a resident of this community I strongly disagree with the rate rise proposal. We live in a declining economy and struggle to make ends meet with all commodities putting prices up . Council is there for us and not to make a profit . We already pay for bins, rubbish ,parking etc its time to stop this now !!!!! [redacted]

Author name: Name suppressed

Date of submission: Wednesday, 19 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The council suggests that our rates are below other areas, I disagree. I recently moved from [redacted] where I had a house on a 600sqm block and paid the same rates as what I pay for my current house on a 250sqm block. Therefore if we divide the rates per square meter it suggest thats North Sydney is already charging more that councils also on the north shore. Its the council mismanagement of fees that is the issue here, there should be a change in personal to run and distribute monies for the council.
In addition there are multiple private schools in the area who dont pay any rates to the council, why is this the case, surely these schools should be paying the council for the use of services in the area ?

Author name: Name suppressed

Date of submission: Thursday, 20 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am submitting an objection to the North Sydney Council Special Rate Variation 2025/26, as I believe the massive increase (87% over two years) is excessive. When analysing the Council's 'Long Term Financial Plan', in the Appendix, there appears to be a significant under forecasting of developer contributions (Section 7.11 & 7.12 (EP&A Act). There is currently $33million forecasted for developer contributions to be offset against capital expenditure projects, of which $22.8million is allocated to North Sydney CBD, leaving approximately $7.2m allocated to residential projects in the LGA. (Refer to Figure 1) Cr: Efi Carr in her email of 11/3/2025 writes 'These contributions are used to fund new infrastructure and cannot be used to fund Councils operations.'. This is true, however capital expenditure items fully/partly funded by developers' contributions can be reallocated to other capital expenditure items or these funds released; thereby reducing the budget. Also, what about the Council's NSW State Government mandate of 5900 new homes over the next five years -where is this included in the forecasting? Council forecasted 300 new homes per annum for rate revenue, which is grossly understating Council's future income Quote from Council email 13/3/25 'The table contained in Councils LTFP does not represent actuals but is an estimate of anticipated revenue that will come in over the lifetime of the (Contributions) plan.". However, developments I believe where developers contribution funds have yet to be forecasted are listed below: (DA's received/approved by Council and posted on real estate websites selling 'off the plan' apartments). 146 Arthur Street, North Sydney - 390 Build to Rent Apartments (DA 11/24) $200m 378 Pacific Hwy, Crows Nest - 104 apartments, 31 storey mixed use development (DA 05/24) ?? Five Ways, 391-423 Pacific Hwy, Crows Nest 188 apartments (12/24) $141.3m 8 West Street, North Sydney (11 storey conversion Commercial to Residential) $53m 621 Pacific Hwy, St Leonards (190 apartments) $209m 11-17 Hampden/173-179 Walker Street, North Sydney (239 apartments) $237m 111-115 Chandos St, Crows Nest (5 storey residential) $11m Elevate Hume Place, (Metro), Crows Nest (130 apartments) $85.6m 110 Walker Street, North Sydney (commercial) $511m I appreciate IPART reviewing North Sydney Council's special rate variation, as I believe the amount forecasted is largely overstated, due to the building boom in North Sydney LGA!

From: Councillor Efi Carr <[redacted]>
Sent: Tuesday, 11 March 2025 4:32 PM
To: [redacted]
Subject: RE: North Sydney Special Rate Variation

Hi [redacted],

Thank you for your email below. The developer contributions only appear in the financial plans once the development is approved. So, for those DA's for example 378 Pacific Highway, is subject to two DA's neither of which have been approved.

And generally for developer contributions for budget projections Council only includes developer contributions based on previous year's trend. These contributions are used to fund new infrastructure and cannot be used to fund Council's operations.

In terms of new residential dwellings that would be future rate payers, the council did not include the full number of projected residents; the financials are difficult to decipher and it is quite possible that the projections only include 300 new homes which is on the low side.

I hope I have provided some answers to your questions; any further clarification or additional questions please do not hesitate to let me know and I will endeavour to provide answers.

Kind Regards, Efi

Councillor Efi Carr
Councillor

From: YourSay <yoursay@northsydney.nsw.gov.au>
Sent: Thursday, 13 March 2025 5:26 PM
To: [redacted]
Subject: Re: Query - Special rate variation - long term financial plan

Dear [redacted]

Thank you for your recent query regarding Council's long term financial plan. Council's Local Infrastructure Contributions Plan came into effect in March 2021 and, depending on the development type, applies levies under either s7.11 or s7.12 of the Environmental Planning and Assessment Act. The contributions plan forecasts the anticipated level of growth and accompanying revenue/levies that Council may receive over the life of the plan.

The process of actually receiving these funds is through the imposition of conditions on development consents issued. The payments are not due until shortly before a construction on an individual development commences. The funds are then accrued over time and directed towards specific projects and infrastructure to help support growth.

As at end of last financial year Council's total accrued developer contributions funds balance was $43.5M with some/majority of these funds already earmarked for eligible projects. The table contained in Council's LTFP does not represent 'actuals' but is an estimate of anticipated revenue that will come in over the lifetime of the (Contributions) plan.

North Sydney Council's community consultation on the Special Rate Variation (SRV) has closed. On Monday 10 February, Council decided to proceed with submitting the proposed SRV application to the Independent Pricing and Regulatory Tribunal (IPART).

The Independent Pricing and Regulatory Tribunal (IPART) application is now underway. IPART is conducting its own consultation process and inviting public submissions, before making a determination in May 2025.

I hope this is of assistance.

Kind regards

YourSay

yoursay@northsydney.nsw.gov.au

Author name: Name suppressed

Date of submission: Friday, 21 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am a resident of North Sydney Council, and have been for over 30 years, enjoying this wonderful location, the green space, the community activities, the facilities and the rich heritage. I do realise that a lot of what I enjoy is due to the efforts of our Council, and also understand that our rates pay for the upkeep of our area plus development. i have read quite a lot of material from both the Council and also informed residents and am conflicted as to the accuracy of North Sydney Council's reasons for the need to substantially increase our rates. I would like to see an independent enquiry: 1/ into the current financial status 2/ the planned Council spending (upkeep, new) and their related costs 3/ into current assets and any redundant assets that could be sold to offset the claimed deficit 4/ to review other means to raise funds (events etc) and this presented to the residents for a second consultation. North Sydney LGA has a large number of schools, primarily private schools located on very large parcels of land. While these schools are using our roads, parks, perhaps bin collection, they do not pay rates to cover the use of these and other facilities (plus the loss of residential rates as this land isn't zoned for housing). While this isn't under North Sydney Council jurisdiction, this would be a revenue generator. Is there an opportunity to lobby NSW Government to change the current laws, which I understand are laws drawn up in a very different era. Regards [redacted]

Author name: Name suppressed

Date of submission: Saturday, 22 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
We would like to express our strong opposition to the size of the increase in rates proposed by North Sydney Council (NSC). We base our objection based on 3 concerns, the claimed size of the Infrastructure Backlog ($146 million), the lack of clear justification for the amount of funds proposed for future works (Informing Strategies) and the poor justification for the amount proposed for the Unrestricted Reserves. We also note that the NSC consultants simplistic interpretation of the SEIFA data leading them to conclude that NSC ratepayers are advantaged and therefore have capacity to pay, is inappropriate (whether or not ratepayers can afford it is irrelevant if the size of the increase is not justifiable) and assumes that the measures chosen actually truly reflects the ability of all ratepayers to equally contribute. Given the mix on long standing houseowners, recent entry house and unit owners and the large number of renters, in the Council district, it is unlikely to do so. Infrastructure Backlog ($146M) It has been credible identified that the NSC has used a methodology to estimate the cost of infrastructure backlog that is not comparable to that commonly used by other councils, potentially over-estimating the cost threefold. Why NSC has chosen to do this needs careful review by IPART. However, it should also be noted that infrastructure backlogs largely result from poor infrastructure management. So purely increasing the amount paid by ratepayers is no guarantee that there will be a catch in the backlog. Moreover, particularly in Sydney the ability to address infrastructure maintenance is highly dependent on the capacity of the relevant industry to respond the NSC needs to justify that the infrastructure backlog can be reasonable address in the 10 year forward period, at whatever amount is finally agreed. Informing Strategies ($167M over 10 years) This list of proposed work within this claim can hardly be described as strategic. It appears to be a wish list of projects developed from consultation with a small group of residents, with the only available data (from surveys in November 2024 and January 2025) indicating that most respondents did not support the list. Every residential area, indeed, probably every resident has a view about future works they would like NSC to develop, so the difficulty of developing a strategic list is acknowledged. Moreover, the list appears to include items that we would have seen as infrastructure maintenance (infrastructure maintenance may include changes to the existing arrangements to modernise, for example lighting) so potentially some double counting with the Infrastructure Backlog claim. NSC needs an allocation in line with previous annual expenditure adjusted for inflation and the increased cost of such work and then the NSC needs to work with different precincts on options. Unrestricted Reserves ($97 million by FY35) There was $81 million from SRV funds not included in the documents made available to the community that will will increase unrestricted reserves to $97 million by 2035, although it was supplied to IPART. Based on NSCs audited annual financial statements, over the last 10 years, NSCs annual unrestricted reserves have ranged from $4.5 million to $13 million. It is difficult to assess the need for the substantial reserve especially as the huge increase in funds proposed for Infrastructure Backlog and Informing Strategies would suggest a significant risk component is built into those figures. We would also record concerns about some of the other aspects of information provided to IPART to justify the huge increase in rates, including aspects of the claimed increase in employee costs such as a an explicably large increase in employee numbers to cost for the North Sydney pool. There also appears to be incidences where incorrect or incomplete information has been provided to or record about ratepayer meetings. There are questions about the management of existing NSC assets and whether ratepayers are seeing an appropriate return rather than additional costs from this.

Author name: Name suppressed

Date of submission: Saturday, 22 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
IPART needs to be aware that North Sydney Council did not design its public consultation survey re the special rate variation in a fair way. There was a lack of an option to reject the Special Rate Variation altogether, with the Council only allowing residents to select between three very high increases. I understand the Council's proposed 87% increase is the largest ever considered by IPART and I ask IPART reject this proposal. North Sydney Council has mislead residents, mismanaged funds and not shown any ability to prioritise projects (e.g. slowing or deprioritising non-essential projects), instead pumping money into new projects and continuing to say that they are in a poor position due to the Olympic pool upgrade. They have been disingenuous to residents and have implied they need this income, but in reality the overruns from the pool upgrade total around $55 millionjust 10% of the additional revenue the Council seeks. Why in the world do they supposedly need this much additional income? I note that per some sources, the councils claim of a $146 million infrastructure backlog has been called into question by an independent financial reviewer. As per a recent opinion article in the North Sydney Sun (Lynch, March 2025): "The council claims it is in an unsustainable financial position, yet its December 2024 Quarterly Budget Review reported a $13.1 million operating surplussignificantly higher than the budgeted $1.6 million surplus." The Council seems to want these funds to continue to mismanage and not provide essential services. Do they really need additional millions of dollars for a new pedestrian plazasomething that is not even included in the councils long-term 10-year plan?! I implore IPART as an independent authority, to reject this level of SRV for the residents of the North Sydney area.

Author name: Name suppressed

Date of submission: Sunday, 23 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Any increase to NSC rates must be the minimum for the NSC to achieve a break-even position and deliver services that the community depends on. In addition, the NSC should: - not undertake any new initiatives until financially secure - review the different treatment for rates of apartments and houses. There are many large apartments in the area that pay very low rates compared to small houses - Establish a fee for provision of council services to educational establishments and religious institutions. There are a large number of schools in the area and many have had substantial developments. These developments, for example in Kirribilli, have removed rate paying houses and apartment blocks, whilst the enlarged school requires more services

Author name: Name suppressed

Date of submission: Sunday, 23 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I would like to submit my objection to the proposed 87% rate rise. I know of no other precedent where financial mismanagement on this scale is rectified by constituents having to foot the bill. Not only is the rise unfair, it still doesnt resolve the fiasco of the North Sydney Pool destruction. This and the previous Council should be held liable, not the residents who have sat back and watched a Sydney icon be destroyed by incompetence at best and corruption at worst. Sincerely [redacted]

Author name: Name suppressed

Date of submission: Sunday, 23 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I wish to object strongly to the application by North Sydney Council for a SRV of 87.5% over two years. I am a resident of North Sydney LGA and have resided in this LGA for 21 years. The reasons for my objection are set out in the attached letter. Please note I do not wish my email address or name to be published online publically.

IPART Submission

I am a resident of North Sydney LGA and have resided in this LGA for 21 years. I wish to object strongly to the application by North Sydney Council for a SRV of 87.5% over two years.

The reasons for my objection are set out below:

A. Demonstrated need for additional income (Criteria 1)

It is my opinion that Criteria 1 has not been adequately satisfied, as set out below.

i) Infrastructure Backlog inflated by a methodology change ($146 million)

North Sydney Council states that a $146 million infrastructure backlog is a key justification for the SRV. However, it appears from analysis and feedback conducted within the resident community that $100 million of this figure results not from a deterioration in asset condition, but from a change in methodology for calculating the "*estimated cost to bring assets to a satisfactory standard*" (otherwise known as the "infrastructure backlog").

It appears that this change in calculator methodology was not disclosed in North Sydney Council's FY24 Financial Statements, nor in any of its documents that were exhibited during the SRV community consultation process. It is my understanding that if the previous methodology were applied, that the infrastructure backlog figure would be $46 million.

This issue in change in calculation methodology was brought to my attention from information provided by North Sydney resident, Dr. David Bond PhD, an independent accounting expert. Dr Bond also concluded that North Sydney Council's methodology is inconsistent with other councils and significantly inflates the backlog figure. Dr Bond's video can be accessed here: Dr David Bond's analysis (You-Tube video).

Due to this discrepancy in accounting methodology, I am of the opinion that the need for $100 million out of $146 million of SRV funding has not been adequately demonstrated.

ii) Informing Strategies ($167 million over 10 years) - lack of need and flawed consultation

Residents were not adequately consulted and do not fully understand the set of projects that North Sydney Council lumps together within the category "Informing Strategies". These projects make up $167 million over 10 years. (represented in North Sydney Council's Application Part A Worksheet 8, as $69 million allocated to "*Informing Strategies*" and $98 million allocated to "*Informing Strategies – Infrastructure*".)

In late November 2024, Council invited residents to participate in public consultation which presented a range of projects and initiatives which we residents were asked to comment upon. At no stage were residents made aware that our feedback would be later used to guide the current Special Rate Variation. This is highly misleading and it is a travesty that information harvested in the guise of public consultation for one particular purpose, is then used in the future for another purpose.

The "Informing Strategies" presented by Council to IPART should therefore not be acceptable supporting documentation as a need for the SRV.

Due to these reasons, it is my opinion that the evidence that the community is aware of the need and extent of the rate rise (Criteria 2) and Criteria 3 has not been adequately satisfied.

B. Establish that the impact on ratepayers is reasonable (Criteria 3)

The consultants engaged by North Sydney Council, Morrison Low, state that residents of North Sydney LGA have a 'Capacity to Pay' an SRV increase of 87%. I object greatly to this assumption. Whilst some residents may have adequate or excess household income, many residents do not. Due to the extremely high property prices within the North Sydney LGA many residents have extremely hefty mortgages. Even a small 1 bedroom apartment can cost upwards of $1 million.

Strata levies are another expense that residents must find income to pay for. However, many residents have had seen their strata levies rise significantly in recent years as reported by the Sydney Morning Herald:

https://www.smh.com.au/money/planning-and-budgeting/apartment-owners-face-strata-fee-increases-of-20-per-cent-as-costs-soar-20230714-p5dodd.html

Strata levies paid by apartment owners are up by 15 to 20 per cent on average over the past year as the costs of insurance, utilities and repairs and maintenance outstrip even the rapid rise in general inflation.

Fixed utility costs have also increased significantly in the past few years. Many residents in North Sydney LGA are struggling with their existing bills. I am one of them! I certainly do not have the ability to meet all my bills without severe economic hardship.

C. Criteria 4 - Cost containment/productivity

North Sydney Council does not appear to have made adequate efforts to contain its costs or consider any substantive revenue raising strategies.

i) Employee costs - the current General Manager, has engaged in a huge restructuring of council employees recently, however, it appears that in North Sydney Council's Application to to IPART, that annual "employee benefits and on-costs" are forecast to increase by 63% from $54 million (FY25) to $89 million (FY35). It is unclear why there is such a significant increase in employee costs.

ii) Inadequate exploration of alternative revenue raising methods

North Sydney Council has not adequately explored the possibility of asset sales or improving income from assets as methods of exploring alternative revenue. For example Council has a low-rise carpark in Ridge Street, North Sydney - this is prime real estate that could lend itself to redevelopment with commercial or residential building above the site.

In Parraween Street, there is an open-air carpark which has been earmarked for redevelopment to provide social housing, a new community centre and a cafe. This project has never got off the ground despite plans being in place since at least 2015. Given the prime location, this project would be appealing to a commercial developer, however, council has had over 10 years to bring this project to fruition but nothing has been achieved. If Council is incapable of doing this project itself, then the land should be sold off with the proviso that the developer provide the community centre and facilities within the building and an underground public carpark.

https://www.dailytelegraph.com.au/newslocal/north-shore/north-sydney-council-has-major-plans-for-cremorne-carpark/news-story/5b21debf1d809cdf6eca3b00331ad3eb

Council also owns a residential property at 34 Boyle Street, Cremorne. Given the harbourside location of this property it is prime real estate. A sell off of this site to a developer would yield the council several million dollars.

iii) Spending on new projects (Informing Strategies)

The projects within the "informing strategies" of North Sydney Council's are excessive and many are unnecessary to go ahead especially at this particular point in time when Council is suffering from a lack of funds. Residents would rather go without certain projects than pay higher rates. Additionally, given the wishlist was made by Council staff without adequate public consultation with residents the need for the extra projects cannot be justified.

iv) No option to limit rate rise by service adjustments or expenditure reduction

There are no options proposed by North Sydney Council to mitigate the rate rise by cutting expenditure or adjusting services.

Inadequate consideration has been given to constraining costs or raising revenue by other methods, and therefore Criteria 4 has not been satisfied.

D. Conclusion

Based on the information presented above, I am of the opinion that the proposed SRV is excessive, unjustified in terms of need, is lacking in adequate consultation and will present financial hardship to many residents.

Whilst I acknowledge that Council may need to raise rates periodically, I do not support ANY of the proposed increase levels presented to IPART. The proposed increases will have a negative impact on many residents including myself.

I strongly object.

Author name: Name suppressed

Date of submission: Sunday, 23 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I submit that this SRV is based on financial information which has been deliberately manipulated to artificially create the impression of a financial crisis. This has been achieved by council officers re-categorising of asset maintenance items on councils maintenance schedule in a manner contrary to accepted accounting practices, contrary to standard practice of other councils, and without public disclosure.

Author name: Name suppressed

Date of submission: Sunday, 23 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I strongly disagree with NSCs application for an 87% rate increase over the next two years which will be permanent and therefore entail any further CPI increases in the years to come. When NSC offered a Have Your Say on their website, it was not possible to complete the survey unless one agreed at least to a 60% increase. This was ultimately altered and that requirement deleted after strong community backlash. Personally, I feel NSC has disregarded and manipulated ratepayers comments and concerns, not been transparent in their reasoning for this rate increase and certainly not explaining what the extra revenue will be used for. The North Sydney Olympic Pool has a massive cost overrun and should, as a community asset and an iconic asset, be fully funded. However, I understand the contract was signed by the former mayor on NYE several years ago with backing from the General Manager of,the time. Since then, cost overruns and requirement to completely recast the already constructed steel beams/roof have thrown the project into severe delays. Nothing in the contract covered such such contingencies. Nor building insurances. NSC appears to have ignored the radical increase in ratepayer (both residential and commercial) numbers over the next few years. The only official figures are those covering the NSW Government TOD plus low and medium rise Housing Initiatives. In Crows Nest and St Leonards alone it will be an increase of 5,900. Therefore,,additional rate revenue will be,significant even without allowing for those not factored in. NSC blames falling parking revenue as a reason to significantly increase the rates. Their underhand introduction of new parking meters which incur an unidentified surcharge until payment is made have helped to make ratepayers and parking meter users more angry and suspicious of NSC methodology and contract choosing and finalising. It seems they are not interested in their local community. The 87% rate increase which NSC is applying to IPART for their approval will result in 554M$ and how,that is to be used is unclear. We are told approximately $50M will be for the pool and another approximately $160M for asset /building upkeep. And how will the balance be used? Ratepayers wish and need to know. Change in methodology in asset renewal in NSC Financial Reports is undisclosed with a $100M impact. I believe NSC has not demonstrated a financial need for this proposed rate increase and I strongly feel it should be rejected. Thank you.

Author name: Name suppressed

Date of submission: Sunday, 23 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Please find attached the submission by Cr Efi Carr and Cr Jessica Keen on the Special Rate Variation proposal by North Sydney Council and other relevant attachments. We are both newly elected Councillors.

Cr Efi Carr on SRV Council meeting 10th February 2025

Madam Mayor,

As a newly elected Councillor, I do not have the same historical perspective on Council decisions as some of my colleagues. However, I am opposed to the proposed 87% rate increase and will be voting against it for the following reasons:

1. **Community Opposition**: Community consultation clearly shows that residents oppose the proposed rate increase. We've seen strong opposition through the Have Your Say Council page, emails to Council, phone calls, and personal conversations.
2. **Financial Governance and Transparency**: The proposed rate rise would provide funds for Council to implement strategies that are poorly articulated and costed. From a governance and transparency perspective, I cannot support this increase. The financial problems at Council were discussed in 2023. Why the previous Council did not do anything about the deterioration of Council finances and why the need for rate rises did not appear in any election materials? Why did Council employ SRV consultants during the caretaker period?
3. **Public vs. Private Sector Comparison**: The report suggests that comparing local government finances to private business is not appropriate, citing the difference between public and private benefits. While I agree that local government should focus on providing services for the majority, this does not justify any departure from sound financial planning or strategic decision-making.
4. **Historical Context**: The report mentions that North Sydney Council's financial position has been weak in recent years. However, I want to remind Council that in 2019, North Sydney Council proposed a 7% annual rate increase over five years to address rising service costs and repair essential infrastructure amounting to $14.3 million. Perhaps Council should have sought a higher increase back then. It is surprising that some Councillors who strongly opposed that proposal are now advocating for an 87% rate increase, which some of it will address the pool cost overrun but it will allow Council to spend more! I would like to reiterate that this increase in rates is not 7 for the next 5 years, which was vehemently opposed but 87% over just two years, citing past Council failings.
5. **Burden on Current Residents**: This rate increase places an immediate financial burden on current residents of North Sydney. The Council suggests that the increase will help build reserves for future challenges and opportunities, but why should current residents bear this cost? Why not distribute the financial responsibility to the new residents who will be moving to North Sydney to meet the NSW housing targets?
6. **Survey Flaws**: The Council report states that 17.6% of the 4,494 people who visited the special rate variation page completed the survey. However, this is misleading. The survey was flawed—it did not provide an option for a lower rate increase or to oppose the rate rise altogether. Only three options were presented, with the smallest increase set at 50%. How can this be considered "tacit approval"?
7. **Community Feedback**: The key themes from community consultation include:

- Concerns about cost of living and the affordability of rate increases.
- Suggestions to sell assets.
- Calls for greater accountability and transparency in how funds are managed and spent.
- 78% of survey respondents were unwilling to pay an additional $13.50 per week in their rates for the informing strategies, which represents approximately 30% of the additional revenue Council proposes to spend. Given this significant opposition, why are we still considering a rate increase that includes additional spending?

Where is the accountability and governance in this process?

Lastly, the Capacity to Pay report reveals that if the 87% rate increase proceeds, the average residential rate in North Sydney will rise to $1,940, ranking third highest in the state, behind Hunters Hill, Woollahra, and Burwood, and ahead of Mosman.

For all these reasons, I do not support the proposed rate variation and will be voting against it. I suggest Council considers a smaller increase, revisit the delivery program by prioritizing and appropriately costing the various items, then decide how much money is required. We can't have a process where Council slugs the rate payers with rate rises and then decides how to spend the money. I reiterate that this is not good financial management nor governance.

Efi Carr 10th February 2025 Council Meeting.

Madam Mayor,

While I acknowledge the significant effort Council staff have put in, working long hours to develop these informing strategies, I will be voting against all of them for the following reasons:

1. **Flawed Community Engagement**
   The community engagement process that informed these strategies was flawed and cannot be relied upon to form the foundation of a strategic plan. As Councillor Spenceley highlighted at the November 25th, 2024 Council meeting, asking the community what they would like Council to do in the coming years, without providing proper context or informing them of the real dollar costs involved, lacks transparency. This approach does not align with good governance and should not serve as the basis for a strategic plan.
2. **Disappointing Process**
   As a recently elected Councillor, I am extremely disappointed with the overall process. While the initial strategy weekend was productive, it was just the starting point. What I anticipated, but did not see, was a process that involved costings and prioritization of items. I have not been involved in this process, and as a result, I cannot sign off on these documents, as they lack transparency and appropriate governance.
3. **Unclear Process Behind the Proposed Rate Increase**
   These informing strategies will result in additional costs to Council, which have been factored into the proposed rate increase. However, the process behind this rate increase — allowing Council to accrue more funds and later decide how to allocate them — is not transparent and certainly does not reflect good governance.
4. **Disrespectful Timing of Consultation**
   Each of these informing strategies is lengthy and complex. Presenting them for public consultation alongside an extensive document on rate rises just before Christmas and New Year, with a closing date of January 10th (when many residents are still away), is disrespectful to the community. The low response rate clearly indicates that people are focused on other matters. Additionally, the documents are filled with rhetorical statements, are poorly costed, and fail to clearly communicate the fact that they propose increased spending by Council. This increased spending by Council is to a large extent, behind the proposed rate rise, not the cost of the pool, as has been suggested.
5. **Lack of Adequate Discussion**
   While there is valuable information within these strategies, and some aspects warrant further discussion, the current documents are not ready for endorsement. Given the lack of considered discussion and a proper decision-making process, endorsing these strategies would be unethical and contrary to my commitment to transparency and good governance.

I suggest that Council put these informing strategies on hold until further work is done to prioritise the various elements and appropriately assign dollar values to them.

Councillor Efi Carr
Councillor Jessica Keen
[redacted] St Leonards, NSW 2025

Independent Pricing and Regulatory Tribunal
Level 16, 2-24 Rawson Place
Sydney, NSW 2000

23rd March 2025

Attention: Ms Carmel Donnelly, Chair

Re: Objection to North Sydney Council Special Rate Variation Application 2025

Councillor Jessica Keen and Councillor Efi Carr, strongly oppose the proposed Special Rate Variation (SRV) application submitted by North Sydney Council. The SRV was approved at the Council meeting on February 10th, 2025, and the application was submitted to IPART on the same date. Both Councillors voted against the proposed SRV on the 10th February 2025 and previously voiced objection at the November 2024 meeting, which are attached to this submission.

Failure to Follow the IP&R Process

Under the Office of Local Government (OLG) guidelines, councils are required to adopt and adhere to the Integrated Planning and Reporting (IP&R) process. North Sydney Council has not followed the required process, and therefore, the SRV application should be rejected based on this issue alone.

As outlined in the OLG's (Office of Local Government) *Guidelines for the Preparation of an Application for an SRV to General Income*, Section 2 "Integrated Planning and Special Variations" (p.6), the IP&R framework ensures that councils engage with the community about service levels and funding priorities. Before applying for an SRV, councils must adopt key documents such as the Community Strategic Plan (CSP), Delivery Program, Long-Term Financial Plan, and Asset Management Plan.

North Sydney Council's CSP is about to go out for community consultation (voted on March 10th, 2025). Rather than engaging the community first **as required**, the Council developed its strategies, asset management plan, and long-term financial plan, which formed the basis for the SRV application. According to the IP&R process, to meet the timeline for the SRV submission, the CSP should have been out on consultation prior to the last council election last year, followed by the development of strategies, a proposed budget, and public consultation before moving on to the financial and asset planning stages. The Council's attempt to complete the entire process in one go is not only disrespectful to the community, but it also fails to fulfill the IP&R requirements.

The SRV application should be rejected due to the failure to follow proper OLG procedures.

Inadequate and Flawed Community Consultation

The consultation process for the SRV was severely flawed. Between November 2024 and January 10, 2025, the community was presented with 400 pages of highly complex, technical and baffling financial documentation to review and provide feedback on the informing strategies, asset renewals while simultaneously being asked to comment on an 87% rate rise over two years.

Holding the consultation during the Christmas period is unreasonable as many residents were travelling or occupied with the upcoming holidays and end-of-year activities. For example, it was not possible to engage any of our Precinct Committees to meet and discuss the proposals, as they do not meet over the December/January period.

It is absurd to assume that over the holiday period the complex and voluminous documentation would be read and understood by the community to enable informed community consultation.

Furthermore, the online survey (Have Your Say) conducted by North Sydney Council was misleading. Residents were presented with rate rise options, the lowest being a 65% increase, with no option to indicate opposition to any rate rise or suggest reasonable alternatives. The structure of the survey meant that respondents who did not select an option could not progress, rendering the survey results unreliable and in effect, invalid.

Despite overwhelming community rejection of the proposed rate rise—over 900 submissions against it and nearly 3,000 petition signatories see link below, Council proceeded to apply for an SRV. Of significant note here is that while Council responded to all emails received, the residents have reported that their concerns were not adequately addressed by the responses they received. The nearly 3000 petition responders were ignored by Council and have not been taken into consideration in reporting on the results of the community consultation. Further, the petition results were not submitted in the documentation sent in to IPART.

North Sydney rate rise petition https://www.change.org/p/urge-north-sydney-council-to-stop-its-proposals-for-massive-rate-increases

Approximately 200 residents attended the North Sydney Council meeting on the 10th of February to observe Council deliberations. Most of those attending were there to voice their opposition to the proposed rate rise. Additionally, 44 residents registered to speak. Only 23 individuals actually spoke and overwhelmingly rejected the SRV. The mere fact that residents voiced their objection to the rate rise, at the Council meeting on the 10th of February and the fact that the IPART submission was sent in that very night between 11.06 pm when the meeting finished and 12 midnight, demonstrates beyond doubt that North Sydney Council has disrespected and ignored community feedback.

Attached for information is the recording of Council's meeting on the 10th of February. The Mayor clearly states at the beginning of the meeting that she is giving everyone the opportunity to speak, despite the fact that their comments have no meaning at all.

https://www.youtube.com/watch?v=6X3HW1IVwTc

The Mayor's message in defence of the proposed SRV says that "*The Council is committed to ensuring the community has a voice and we need your input throughout this process. Together we can decide on the best path forward.* ***No decision will be made*** *without being informed by your views in this community consultation. It is not window-dressing – it is real and meaningful consultation"*.

The consultation process, the results and the interpretation of the community consultation are at odds with the Mayor's commitment to real and meaningful consultation.

As demonstrated, community consultation was not thorough and does not meet OLG guidelines. **The IPART submission should be rejected.**

Lack of Clear Justification for the Rate Rise

The community is aware that a rate rise is being proposed but remains unconvinced about its necessity. The public debate around the North Sydney Pool renovation has led to confusion, with many residents incorrectly believing that the SRV is primarily to cover the pool's costs.

The communication from Council over a significant period about the financial situation of Council is concentrated on the redevelopment of the pool:

Annual 2023/2024 financial report - Mayor's Message Page 4: *"Although significant progress has been made, Council continues to tackle the considerable challenge posed by the substantial, inherited legacy of decision-making related to the North Sydney Olympic Pool (NSOP) redevelopment. The rising costs associated with this project have significantly affected Council's financial position and will have enduring implications for the future."*

Chief Executive Officers Forward Page 5**:** *"Every effort has been made to improve the trajectory of the North Sydney Olympic Pool redevelopment project, including the engagement of external project managers to help manage and mitigate associated risks. Despite these efforts, challenges persist, with ongoing project delays and escalating costs. Coupled with recent revenue reductions and a growing backlog in infrastructure renewal, these financial pressures have placed the Council in an unsustainable position. As we look ahead, a structural shift in Council finances will be crucial to maintain service levels and effectively respond to the needs of a growing population."*

Only $55 million of the proposed $536 million of the additional SRV funds are allocated to the pool. The Council has failed to provide a clear and compelling explanation to the community regarding the necessity of the SRV and how the additional funds will be allocated. As previously mentioned, the financial documentation submitted to IPART is complex.

Estimates of how the funds will be used, vary between finance professionals. An explanation is that $176 m allocated to asset renewals. $146 m allocated to the informing strategies. $230 m allocated to the pool and internal reserves.

Another explanation is: $246 m allocated to infrastructure backlog and renewals, $140 m to internal reserves and $155 m to the informing strategies.

<u>Finance professionals are finding it difficult to decipher how the funds will be used.</u>

The complexity of the financial documentation and the lack of clear communication about how the extra income from the SRV will be used further exacerbates the confusion. **The community has not been adequately informed about the reasoning behind the significant rate rise.**

Failure to Explore Alternative Revenue Sources

IPART's guidelines state that councils should explore alternatives to a rate rise when justifying the need for an SRV. North Sydney Council has not demonstrated that it has considered viable alternatives. Key opportunities for cost-saving measures and additional revenue, such as asset sales, sponsorship opportunities for the North Sydney Pool and North Sydney Oval, operational savings and outdoor advertising, have not been adequately explored. The only option presented to the Councillors was the SRV.

The Mayor, Zoe Baker, in her letter to residents regarding steps North Sydney council is taking outside of the SRV says: "Ongoing and future review and improvement programs include the introduction of "A process mapping initiative, a new service level review framework, service unit planning, a development and performance framework and a new workforce strategy. These initiatives are not adequately defined, and no cost savings have been attributed to any of these initiatives. No other options have been presented.

North Sydney Council's reported efforts to reduce costs through workforce restructuring did not yield any significant savings, and the proposed initiatives to identify further savings remain vague and unsubstantiated.

The Council has also failed to identify potential additional revenue sources, such as sponsorships or advertising, and has not explored asset sales. A presentation by JCDecaux on advertising revenue, reported that Council is foregoing approximately $20 m in income due to delays in DA approvals for advertising sites.

The Council's failure to investigate cost reduction or alternative revenue raising options does not meet IPART's criteria and further justifies the rejection of the SRV application.

Deficient Asset Renewal Plan

The Office of Local Government guidelines emphasise the importance of understanding community service needs and infrastructure requirements. North Sydney Council has failed to adequately gauge community input on service levels and infrastructure priorities. The overwhelming rejection of the Asset Management Plan by the community suggests that the proposed $146 million over 10 years for infrastructure renewal is not in line with residents' priorities or expectations.

Out of the 262 responses that Council had on this document, 152 complained about the financial management of the Council, 53 people said Council should explore divestment or leasing community assets. Only 17 people i.e. 6.5% of respondents expressed support for the asset renewal plan. This low number cannot be used to justify "apparent agreement" from the community. **This lack of community agreement further undermines any justification for the SRV.**

In addition, the Asset Management Plan, includes a major change in asset classification compared to previous years. The reclassification of assets to include category 4 added an extra $100m of fund requirement which Council has used to support the proposed SRV. This reclassification of assets did not go out for public consultation. At a time when there are cost of living pressures, it is not the right time to reclassify assets, everything needs to be on hold. Please refer to the attached video from North Sydney resident David Bond.

North Sydney Council's $100 m

Discrepancies in Financial Documentation

North Sydney Council has presented to IPART extensive financial documentation to justify the SRV, but closer scrutiny reveals several major discrepancies. The Council appears to be in sound financial condition, with no signs of financial distress as of June 30, 2024. The annual financial reports and other financial reporting up to the annual report for 2023/2024 show that Council's finances are in good condition.

The Mayor, in an open letter to the community in April 2023, regarding the cost overrun in relation to the redevelopment of the North Sydney Olympic Pool said: "*I can assure you that Council's finances are sound, and the additional cost can be managed without reducing service levels."*

Mayor's message in the 2022/2023 Annual report notes:
"*It is, therefore, pleasing to see that despite challenges such as getting the North Sydney Olympic Pool redevelopment on track, standing up to the State Government on the impacts of the Western Harbour Tunnel and Warringah Freeway projects and undertaking extensive capital works projects throughout the local government area, Council remains in a strong financial position."*

In May 2024 Council Meeting report on Loan funding states:
● *"The long-term financial plan (LTFP) has been updated to reflect the ongoing costs of this $20m loan for the purposes of acquiring the loan."*
● *"The revised long term financial plan demonstrates that Council has the capacity to finance and maintain the proposed level of debt"*

The document presented in May 2024, did not outline any potential "financial crisis" which emerged 6 months later. In fact, the May LTFP outlined a return to surplus and differs significantly to the LTFP released on 24 November 2024. There is no mention in this plan of a financial or a cashflow crisis that required structural reform.

At the 28th of October Council meeting (with New Councillors being elected including ourselves) the Financial statements say:

"*Short-term financial position: **Adequate**, but strategic attention needed to address ongoing cost increases and budget deficits".*
Council has achieved a net operating result of $13.1 million, which exceeded the forecast by $11.5 million

How is it that a month later the Councillors are presented with a "financial crisis"?

The budget deficits referred to above are reduced hoarding and parking fees. The new very difficult to use parking meters which were recently installed in the LGA at a cost of $4 m was a poor choice by Council. Residents and visitors refuse to use them. It is not a surprise that parking revenue has declined. What changes can be introduced to increase revenue?

Given the history of Council's finances, the changes in asset reclassification and a desire of Council to invest in new projects and infrastructure *the assertion that Council is in a financial crisis is not justified.*

Community's Capacity to Pay

The Council's capacity to pay report, commissioned from Morrison Low, fails to accurately reflect the financial situation of residents. By using highly aggregated data, the report inaccurately concludes that North Sydney residents can afford an 87% rate rise. Further the Morrison Low report was prepared by an individual without sufficient qualification as a demographer (consultant for 2 years, prior roles as a coordinator and EA) is questionable as to whether it represents the reality for North Sydney LGA. The Morrison Low report is also contrary to a recent report in the Sydney Morning Herald which presents a different picture of North Sydney LGA.

The North Sydney Morning Herald analysis (article March 11, 2025) shows that based on the ABS Index of Household advantage and Disadvantaged report from 2021 shows that:

1. Crows Nest/Waverton 12% of households are in the lowest quartile (economically disadvantaged)
2. North Sydney/Lavender Bay 14% of households are in the lowest quartile.
3. Cremorne/Cammeray 13% of households are in the lowest quartile.
4. Neutral/Kirribilli 19% of households are in the lowest quartile.

It is obvious that there is significant disparity between the Morrison Low and the data from ABS. A considerable proportion of approx. 50% of the local population is at risk due to factors such as low household income and reliance on a single income stream. **This discrepancy further undermines the case for the proposed rate rise. We do not believe that Council has accurately represented the capacity of residents to pay.**

We have further concerns regarding the ability of small businesses operating throughout the North Sydney LGA which are already operating on very small margins. A lot of small businesses are closing down, and we are aware that many are struggling. Increases in rates will inevitably further place additional stress on these small businesses.

In submissions to North Sydney Council, investment managers of 2 Blue Street and the owners of the Victoria Cross over station development at 155 Miller Street have voiced opposition to the proposed rate increases citing risks to newly opened retail outlets in the buildings. These small businesses are in the critical early trading period and any additional stress will mean that these businesses will fail.

The proposed SRV impacts homeowners, renters, and business owners in a time when the cost of living and services continues to increase. **Clearly Council has failed to take all risks to residents and businesses into consideration in proposing this SRV and should be rejected.**

Conclusion

Given North Sydney Council has not followed IP&R procedures, there are numerous flaws in the consultation process, the lack of a clear and convincing case for the rate rise, and the failure to explore alternative revenue sources, we strongly urge IPART to reject North Sydney Council's SRV application. The process has been mishandled, and the community has not been adequately consulted or engaged in a meaningful discussion regarding the proposed rate rise. The complex financial reports and Council's history do not support the assertion that Council is in a critical financial position. If indeed Council needs additional revenue to cover the cost overrun for the pool, then a clear special variation may be needed. Introducing a rate rise to build reserves and to increase expenditure without community support, is disingenuous and misuse of rate payer funds.

<u>The SRV application does not meet the guidelines set by the Office of Local Government or IPART and should be rejected in its entirety.</u>

If IPART decides to award North Sydney Council a rate rise, we suggest that a condition of the rate rise is that Council cannot apply for an SRV for a period of a three years.

Sincerely.

Cr Efi Carr Cr Jessica Keen

Cr Jessica Keen on SRV, Council Meeting 10th February 2025

Please note – not verbatim – speaking points

Who has NOT noticed that the weekly shop has increased? Every item has gone up 50c on average hence all of a sudden your weekly shop is $100 more expensive; utility bills have increased; petrol is expensive – it is a cost of living crisis and Mayor Baker's North Sydney Council wants to add to the crisis by raising your rates by 87% - this is outrageous.

Shame on you North Sydney Council – think about your residents that are struggling to make ends meet. This will affect everyone – renters – this will be passed onto you; first home buyers – it is hard enough to buy in this area and now you are faced with an increase in your rates; our families.

This BAKER / Teal/Green/Labor Council looking to raise your rates and make things even harder for our North Sydney residents.

I created a petition in November 2024 and currently have xxxx signatures – I lodged this petition in 'Have your Say' for Council to acknowledge that our residents do not want this rate rise. This is a big number of residents that don't want this rate rise. In fact no one wants it.

Mayor Ted Mack promised to keep rates low well if this goes through Ted Mack's legacy has been disgraced and forgotten – what a shame – a great politician in history has been ignored.

Cr Welsch and Santer – what are your Macquarie St instructions – have you spoken to the Minister for Local Government - Does your Minister support this?

Consultation was flawed as you couldn't pick no increase and only 5% of the respondents of the respondents chose 87.5% option 2a which is being suggested tonight. 95% REJECTED IT.

The current minimum rate in North Sydney is $715 which over 77% of local residents pay – this is increasing to $1200 nearly double.

In addition a selection group of residents 42 to be exact were consulted in a **private** forum as an elected official I only heard about this forum after the fact it has been held – no visibility or transparency whatsoever.

This is not about the pool – Council will collect $1.3 billion in rates over 10 years the SRV provide $558m incremental revenue – the pool was budgeted for $79million of the total SRV.

How is Council spending the proposed revenue from the SRV: expanded services including the informing strategies $78m 14%; increase in employee benefits and on costs $100m 18% increase in internal reserves $179m 32% a total of $357m leaves $201m to fund infrastructure backlogs reported by Council as $146m 26% and the pool $79m.

The infrastructure backlog is a justification for this hike if Council used the previous methodology this would be $45.7m not $146m.

In addition, the consultation says the North Sydney residents have capacity to pay – really – it is cost of living crisis – I think it is rough to say - **Does the Mayor agree with the consultant's report that everyone has the capacity to pay – do you endorse that statement**. Quoting the report from Morrison Low - However, Council will need to consider the community feedback, the need to improve financial sustainability and a wide range of other factors in making its final decision on its preferred SV option. The biggest age groups are Parents & homebuilders 35-49 and Young Workforce – 25-34 years old in the North Sydney area – this is hitting young families and first home buyers. The report states: ‘at risk’ group shows that across the LGA as a whole, the at-risk group makes up 43% of the population, this notably higher than the average for the NSROC (32%), Greater Sydney (33%) and NSW (34%).

I strongly opposed this proposed rate rise –

- it is greedy
- IT REEKS OF poor governance
- IT IS AN ADMISSION OF FINANCIAL FAILURE BY THE PREVIOUS COUNCIL
- our residents of North Sydney deserve better.

Cr Jessica Keen – Council Meeting November 24th 2024

North Sydney Proposed Special Rate Rise

There is a cost of living crisis – why are we asking our residents to pay more for living in our LGA. This is unacceptable – we are presented with papers tonight that shows a $13m surplus for the last financial year. To be in this position and asking residents to cover this is outrageous.

This is a new Council and many of the Councillors are still learning therefore it is too soon to put such a big decision in front of them.

Council should consider other options such as sell some of their investment properties as part of a broader financial strategy – our rate payers don't need to wear this cost.

Both Waverley Council and the City of Sydney apply a dual category system for business rates:

one for their Central Business Districts (CBD) and another for suburban centres.

At this stage the distribution is for North Sydney is 60/40 with 60% of rates attributed to residents. Why are we not creating a subgroup for North Sydney CBD Businesses that we can attribute more of the rates too.

Car parking revenue has dropped and projected to continue too – no one can use the parking meters there in lies the issue.

I say put everything on hold for 6 months and focus solely on the pool. Let's try and get this finished after all the years of mismanagement by previous Councils and my Councillors sitting here tonight.

I'd like to move a motion that we refer this to the Legislative Council NSW Parliament (Upper House) for an inquiry and in addition refer to the Office of Local Government for an inquiry.

Author name: Name suppressed

Date of submission: Monday, 24 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
There can be no justification for an 87% increase with a disproportionate plan for home units to carry the highest burden proposed at 116% increase over 2 years. Especially at a time of unprecedented cost of living pressures adversely affecting much of the community. The increases sought primarily stem from gross mismanagement of capital works programs like the upgrading of North Sydney Pool and a desire for new non essential projects. Examples given include a new sporting field, an art gallery and the utter nonsensical closing of Young Street Neutral Bay and the subsequent decision reversal which wasted vast amounts of Council's resources. Whilst I support the amenity and aesthetic appeal of North Sydney Pool, I would suggest very few rate payers actually use the facility. Imposing an extreme and severe financial burden on rate payers is outrageous. A more appropriate recourse would be to simply close the Pool indefinitely and replace North Sydney Council with a group experienced in delivering large scale commercial projects and with proven financial management skills. I have obtained copies of the submissions made to IPART by Committees for Lavender and Neutral Precincts. With the exception of the suggestion for a temporary large scale increase which I do not agree with, I otherwise support their views. Any request for an increase greater than 4 to 5% is ludicrous and totally unjustifiable. Accordingly I ask IPART to outright reject North Sydney Council's rate increase request.

Author name: Name suppressed

Date of submission: Monday, 24 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I submitted a paper in early February. Please see attached additional information regarding the Council's financial position released by Council on 24 March, with updated position for the period July 24 - Feb 25. This details that Council rate collection have exceeded full year budget and are significantly ahead of their Long Term Financial plan.

This is an additional submission for Ipart following the release of North Sydney Council July 24 - Feb 25 financials on 24 March.

At a high level, revenue is above budget. The key items driving this are Rates and Annual Charges, which are at 100% of the full year budget. The other revenue line items are broadly on track to budget.

It is inconceivable that no further rates and annual charges will be collected in the next 4 months, thus revenue should significantly over shoot the 24/25 budget. The only counter to this is Council has stated collections have moved forward. This requires closer scrutiny.

24/03/2025 Council Meeting – North Sydney Council
10.2: February 2025 Month-End Financial Report

- The highlight is that revenue is at 100% of the 24/25 budget for rates and annual charges. Council is collecting revenue on a straight line basis at $15.4m per month, extrapolating this to 30 June equates to FY24/25 revenue of $185m vs $149m budget (potentially up $36m)
- 10.2 paper is very light on the detail (given the significance of the increased revenue) accounting for this revenue as "It should be noted that as of 28 February 2025, 83.28% of budgeted revenue has been accounted for, while 62.59% of expenditure has been accounted for. **This is due to the levying of rating revenue early in the fiscal year.** The year-to-date operating results are reflective of this and do not represent the forecast year end results."
- "The **immaterial variances are due to supplementary rates processing and other adjustments to property values**. This additional income will be realised within the March QBR
Recommendations."
- It is clear that COuncil is tracking ahead of their revenue and below expenses for the year to February 2025
- Ipart require further clarification as this has significant bearing on the need for an SRV
- **Questions**:
    - Is it normal practice to levy rates early, which ratepayers are impacted by this and was the elected Council advised of this approach ie) how many ratepayers have decided to pay their rates early? What Rates and Annual Charges are due in March - June, this is the key question?
    - What is supplementary rates processing?
    - If adjustments to property value positively impacted rates, why would they not continue March - June?
    - What is Councils forecast for rates and annual charges for March to June given the early collections?

Income from Continuing Operations	February 2024/25 YTD Actual ($'000)	2024/25 Budget ($'000)
Rates	$62,167	$62,080
Annual Charges	$18,253	$18,247
User charges and fees	$20,612	$31,803
Other revenue	$7,863	$10,592
Interest and Investment revenue	$3,588	$4,165
Other income	$3,841	$5,887
Grants and Contributions - Operating	$3,111	$5,802
Grants and Contributions - Capital	$4,041	$9,683
Total Income from Continuing Operations	$123,476	$148,260

10.3. Investment and Loan Borrowings Report as at 28 February 2025

- Top line is the cash and investments appear to be in a strong position;
  - Cash & Investments = $145m, end of year budget $90m ($55m difference)
  - Cash = $25m vs end of year budget = $21m
- "The unrestricted cash balance is high due to the timing of rates collection and is expected to decline by the end of the year."
- Questions:
  - What is the expected decline by the end of the year?
  - Has the end of year plan changed from $90m in Cash and Investments? If so, will the council spend the $55m difference and can this be used to improve the Councils financial position?

Author name: Name suppressed

Date of submission: Monday, 24 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
RE; NORTH SYDNEY COUNCIL PROPOSED RATES INCREASE. We wish to strongly condemn the proposed 87 per cent increase in residential rates over the next two years. My wife and I have been ratepayers in the North Sydney municipality since the early 1980's and purchased the land for our current home in 1991 when North Sydney was considered to have modest rates within the Sydney area. The North Sydney Council states in its application that due to the high levels of advantage enjoyed by ratepayers (whatever that means), the proposed increase is justified. Nowhere does the Council back up this statement with any facts and to our minds any advantage we enjoy has nothing to do with the Council. The Council's management prowess, or lack of it, is evidenced by the fact that its basic investment income has not increased for almost 10 years and there is no evidence of any changes in its asset allocation which should be continually reviewed. Finally, the North Sydney Pool debacle should not be rewarded by an unjustified cash grab. You will note that one of the three councillors opposing the increase is James Spenceley, a very successful businessman. [redacted]

Author name: Name suppressed

Date of submission: Monday, 24 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Comment on the SRV The Council Meeting Report of 26 April 2023 included a project timeline for the North Sydney Olympic Pool. From that report, it was not apparent that the Council had untaken a business case for the project. If it was, it was not mentioned. On page 48 of the LTFP submitted with the SRV, the Council revised the business plan for the pool and modelled three additional scenarios for the project, all of which projected a significant operational loss. Assuming the three P&L scenarios were scalable from any original business case that the council prepared for the project before giving it the go-ahead, it appears the project was unviable even before work had commenced. In this case, the council took on the project knowing it would not be bankable, nor had finances organised for its delivery. What the Council is proposing in its SRV is for the current generation of ratepayers to take on the entire cost burden for funding the shortfall disproportionally for a project that has a useful life, based on the Council's assessment, of 50 or more years. Given the operational loss is anticipated into the foreseeable future, it would be fairer to finance the public policy decision of the council to subsidise the pool by utilising debt capital, secured by future rate revenue, and repaid over the life of the pool, than to burden a small number of existing ratepayers. IPART should also seek from the council the business case they would have prepared to comply with the OLG's Capital Expenditure Review requirements for such a project to validate the three scenarios submitted in the LTFP of the SRV.

10.9. North Sydney Olympic Pool Redevelopment Project - Project Review and Outcomes

AUTHOR	Shane Sullivan, Acting Director Corporate Services
ATTACHMENTS	1. 2023/24 Recommended Capital Works Reductions [**10.9.1** - 5 pages] 2. North Sydney Olympic Pool Council Resolutions - Jan 2015 to date [**10.9.2** - 18 pages]
CSP LINK	5. Our Civic Leadership 5.1 Lead North Sydney's strategic direction

PURPOSE:

The purpose of this report is to respond to Council's resolution of 10 October 2022 as follows.

> *1.THAT Council urgently undertake an independent review of the Council's management of the North Sydney Olympic Pool redevelopment project.*
> *2.THAT Council engage a suitably qualified independent person to undertake a thorough review of all aspects of the North Sydney Olympic Pool redevelopment project and prepare a report to Council.*

The report also provides advice in relation to changes in funding requirements and changes to programmed completion timeframes.

EXECUTIVE SUMMARY:

- It was resolved by Council at its meeting 10 October 2022 that an independent review of the management of the North Sydney Olympic Pool Redevelopment project be undertaken.

- The outcome of the review identified 16 findings and 33 recommendations. The recommendations were categorised as either specific to the project (13 recommendations) or related to project management at North Sydney Council more generally (20 recommendations).

- The detailed independent review has been obtained under legal privilege and for commercial and contractual reasons remains confidential. This report contains a summary of those findings not considered commercial in confidence.

- Key risks associated with the findings of the review have been realised in the project, resulting in increased cost and a deferred estimated completion date.

- The project cost is expected to exceed the adopted budget allowance of $63.9M. This budget did not give consideration to all costs associated with the project including internal project management, equipment and fit-outs, and business development.

Further, the project budget did not provide sufficient contingency given the level of risk associated with the project.

- It is estimated that between $25M and $30M in additional budget allocation will be required to allow for the successful opening and operation of the project.

- $24.2M in additional contingency funding has been included within the Draft 2023/24 budget for the project, including provision for operational readiness.

- The original programmed date for practical completion was 11 November 2022. The estimated date for practical completion based on a recent independent assessment is April 2024.

- Several actions have been undertaken to address the findings and respond to the recommendations within the independent review. These actions are detailed within this report and are starting to have a positive impact on the project.

RECOMMENDATION:
1. THAT Council note the report on the North Sydney Olympic Pool Redevelopment Project – Project Review and Outcomes.
2. THAT Council provides a copy of this report to the Office of Local Government in accordance with the Capital Expenditure Guidelines.

Background

Complex infrastructure projects require significant planning, financial investment, specialised skills, knowledge in project management, engineering, and construction. Infrastructure projects involve coordination with various stakeholders such as contractors, suppliers, and community members. In addition to these challenges, infrastructure projects can also encounter unexpected delays, changes in scope, or budget overruns, which can further complicate the process.

While Councils have a role in providing infrastructure, undertaking large-scale or complex infrastructure projects is not core business for North Sydney Council.

Consideration of the North Sydney Olympic Pool (NSOP) Redevelopment commenced in 2013, with scoping studies complete in 2015, resulting in 6 options. The project was progressed in 2017, with a resolution to proceed with Option 2. Council awarded a tender for design services in June 2018 with initial pre-DA capital costings for the project being $28M (Option 2). In March 2019, Council resolved to progress the completion of Design Stage 2 based on an alternative Option 2b and the budget was updated to $57.9M. In July 2020, the DA was approved and in December 2020 there was an increase of budget allocation to $63.9M.

Construction of the North Sydney Olympic Pool Redevelopment project commenced in March 2021, following the signing of construction contracts in December 2020. Throughout the construction period, a significant number of extensions of time claims and financial variations have been forthcoming. Following concerns in relation to the project, at its meeting held 10 October 2022; Council resolved as follows:

> *1.THAT Council urgently undertake an independent review of the Council's management of the North Sydney Olympic Pool redevelopment project.*
> *2.THAT Council engage a suitably qualified independent person to undertake a thorough review of all aspects of the North Sydney Olympic Pool redevelopment project and prepare a report to Council.*

PricewaterhouseCoopers was engaged to review the project following a procurement process to undertake this review commencing 10 November 2022. The report was prepared under legal privilege, with Councillors being briefed on the findings on 19 December 2022. On 23 January 2023, a further Councillor briefing was held to consider the actions arising from the report.

Since this time, critical actions have been instigated to improve control and management of the risks relevant to this project. Unfortunately given the timing of this intervention, several risks have now been realised.

Report

1. Independent Review – the scope

The scope of the independent review was developed to understand the reasons for project delay and increased cost, but more importantly to provide insights to assist in the forward management of the project.

The scope included the following key projects areas:

- business case;
- project objectives;
- project scope and change management;
- design management;
- project evaluation;
- governance;
- resource management;
- programming;
- financial management;
- procurement;
- contract execution;
- risk management; and
- quality management.

The review was evidence based, relying on project management and decision-making documentation/records to arrive at the findings. As part of their review, the consultants studied over 600 documents provided by Council. Council staff constructively participated in the process to ensure the timely availability of documentation and should be commended for their commitment and attention to this process.

2. Independent Review – the outcome

The outcome of the review identified 16 findings and 33 recommendations. The recommendations were categorised as either specific to the project (13 recommendations) or related to project management at North Sydney Council more generally (20 recommendations).

Key risks associated with the findings have now been realised in the project, resulting in increased cost and a deferred practical completion date.

The findings reflect the importance of project initiation and planning phases of the project management process in creating a strong foundation for the delivery of the project. This includes project governance, planning and development, feasibility and business case development, procurement strategy, scoping and budget development, and associated decision making.

The detailed independent review has been obtained under legal privilege and for commercial and contractual reasons remains confidential. This report contains a summary of those findings not considered commercial in confidence. Council has engaged with PricewaterhouseCoopers in preparing this report.

3. Independent Review – project findings summary, recommendation and actions taken.

Note: Those findings excluded from this report are considered commercial in confidence due to contractual reasons and cannot be disclosed.

The findings of the review include but are not limited to the following.

The project is forecast to exceed the current and approved budget allowance of $61M.

The review refers to a current and approved budget of $61M due to this being what was included within the adopted budgets. There is a discrepancy between the resolution adopting a budget of $63.9 and what was subsequently funded within the budget. Despite this, the finding remains that the project is forecast the exceed this budget.

The review has identified that cost has been a primary driver of a number of decisions for the purposes of controlling the project budget. While cost is an important aspect of project decision-making, it is critical that this is balanced against the associated risks of each decision.

Despite the initial intention to control the project budget, these decisions have created significant risks to the project which have now been realised in a compounding effect throughout the project's life. These decisions included:

- removing external project managers and managing the project internally;
- the decision to have separate design and construct contracts; and
- considerable reduction in project contingency as the scope increased.

Typically, in Local Government, councils enter novation agreements to reduce the risks associated with assuming responsibility for performance management and coordination of two separate but inter-reliant contracts. Such agreements often result in increased cost of contract, but significantly reduce the financial risks associated with managing separate contracts.

The external environment at the time of contract execution was one experiencing an unprecedented pandemic and a multi-year La Nina weather event. These external factors were not factored into contingency planning nor was the risk shared through contract negotiations.

To date the project has experienced 22 days in delay due to Covid, 88 due to wet weather, and 38 days due to the removal of hazardous material.

Taking into consideration the additional risk borne by Council, along with other risks associated with the project as outlined in further findings within the report, an appropriate contingency was not set for the project.

The review recommended:

1. Once the final forecast is estimated, Council to ensure funding in place to cover the remaining contract works.
2. Council to consider the staging of construction completion.
3. that Council engage an independent contractor to re-forecast time and cost, assess a potential instruction to accelerate (benefit vs cost), and perform due diligence of the escalation impact.

In response, Council has engaged an independent programmer. The programmer has re-forecast time and recommended the original date of 14 November 2022 be extended to a new practical completion estimate of April 2024.

Council has also engaged a quantity surveyor to assess the reasonableness and responsibility for cost and delay claims, this will form the basis for future adjustments to contract budgets. The quantity surveyor will provide monthly cost reports to the Steering Committee to allow for timely oversight and management of contingency.

In addition to contract budgets, there are a number of costs that were not considered in the original budget. Additional contingencies for these costs, consultancy costs and contract costs are recommended within the 2023/24 budget.

Options for funding of increased contingency and unbudgeted costs in project budget include reducing/deferring capital works, loan funding and the sale of council assets. Based on an assessment of options, it is recommended capital works be reduced and/or deferred over the coming financial year.

Council had limited recent experience delivering projects of this type, size, and complexity. An external Project Manager was appointed but removed from the project after the concept design phase.

As discussed earlier in this report, while Councils have a role in providing infrastructure, undertaking large scale or complex infrastructure projects is not our core business. Entering separate design and construct contracts creates further complexity requiring high-level industry knowledge and experience to coordinate the process between design consultants, contractors and Council, and resolve issues as they arise.

The report notes that the North Sydney Olympic Pool redevelopment is the largest project to be delivered by North Sydney Council in recent times and includes a mix of high-risk construction factors including heritage, archaeological, contaminated ground, high water table, brownfield and more.

It is common in the industry for councils to deliver projects of this size and scale using external project managers. Council originally secured the services of external project managers, having assessed tenders for these services based upon their recent history of successful completion of similar projects. The project management services were split into four stages.

Upon completion of Stage 1 works, the project management contract did not proceed under the direction of Council. Based on the correspondence provided, the reasoning for this decision was that it was more cost-effective for Council to undertake project management services using its own internal resources.

The decision to enter two separate contracts for design and construct has increased the risks associated with internal project management.

Despite the findings, due to key risks already being realised and the relative mature point in the project delivery, with key project management decisions having been made, the review did not recommend contracting out the project management services at this stage of the delivery. The review noted that the current project team had significant knowledge and skill regarding the project for finalisation of the work.

The review recommended the following actions:

1. a programmer be engaged to assess future extension of time (EoT) claims; and
2. creation of an executive forum for discussion of issues between Council as client and both the Principal Design Consultant and Construction Contractor to mitigate the impacts and costs of formal escalation under the contract.

Both recommendations have been accepted and actioned.

Council has engaged APP Corporation Pty Ltd represented by Ron Aquilina as an Independent Advisor to the Steering Committee. APP Corporation was appointed following a procurement process and has commenced in this role since February 2023.

Council’s General Manager along with the Independent Advisor have met with both the Principal Design Consultant and the Construction Contractor to discuss actions to mitigate issues in relation to coordination of the project and foreseeable coordination risks.

A programmer has been engaged to assess extension of time requests.

Further, to support the project team, additional project management resources have been provided to support the administration of contracts.

The governance structures/steering committee did not include an experienced technical expert/advisor to advise on the challenges and mitigation opportunities.

The first project governance structure was proposed in June 2018 to oversee Stages 1 to 3 including Concept Design, Development Application, and Detailed Design for the Tender and Construction, and comprised of the Mayor, General Manager, an External Commercial representative (lessee of NSOP venues), and an Independent Aquatic and Recreation Advisor. The Council also agreed to include a Councillor.

In February 2021, the Governance Structure was updated to reflect the construction phase, with Council's senior management team undertaking the role of Project Steering Committee. This steering committee was supported by the internal project management team.

The review found these governance structures not to be effective, leading to some of the decisions and actions taken in the project having negative outcomes for the project, putting Council at risk.

The review recommended the following actions:

1. That Council consider the appointment of an independent advisor as part of the steering committee with relevant civil construction and contract management expertise.

In response, as discussed above, Council has engaged APP Corporation Pty Ltd represented by Ron Aquilina as an Independent Advisor to the Steering Committee. APP Corporation was appointed following a procurement process and has commenced in this role in February 2023.

Risk management practices were not at a level that could support effective decision-making in a project of this complexity and scale, and some of the risks and mitigations identified were not managed or implemented during the delivery of the project.

Identifying, mitigating, monitoring, and responding to current and emerging internal and external risks is critical to the performance of infrastructure projects.

The review found that the NSOP project risk management plan was not developed to a standard that could support effective risk management and decision-making for a project of this scale and complexity. While the project risk register attached to the risk management plan provided a very thorough list of risk events that could impact the project, the mitigants identified do not appear to have been implemented or thoroughly managed.

The review recommended the following actions:

1. Undertake a risk workshop and update the project risk register to incorporate changes to the project since the original register was developed.

In response, Council engaged Marsh McLennan to facilitate a risk workshop, and update the project risk register to incorporate changes to the project since the original register was developed.

Current and emerging risks and mitigation actions are monitored and reviewed by the Steering Committee and will be presented to the Audit Risk and Improvement Committee.

The business case submissions to Council over the life of the project do not include all financial and non-financial data to provide a whole of life assessment of options with clear visibility of the total outturn cost and return on investment.

The review found that the information presented to inform investment in the NSOP was not sufficient to inform prioritisation of the project and evidence-based decision making. The report referenced the NSW Government Business Case Guidelines as best practice for a clear and consistent approach to preparing business cases.

The review recommended the following actions:

1. That the business case for the project be reviewed to ensure final forecast cost and revenue streams have been updated and that the financial model reflects the overall project returns on investment and other risk factors relevant to the project.

In response, Council has now engaged a Manager for the facility who will commence the process of developing budget estimates for product/program development and business planning based on detailed review of demographics and demand, with a view to creating a feasible and financially sustainable operation.

Council will have to consider a strategy to improve the long-term financial sustainability of the centre. This includes consideration of program offering, but also alternative uses for the facility, taking advantage of the iconic location. The additional capital cost and associated depreciation along with associated borrowing costs are likely to require Council to find ongoing additional revenue to avoid placing pressure on service levels in other areas, infrastructure renewals, or rating revenue.

Current budgets do not allow for costs associated with fit outs, equipment, program development, technology, marketing, and other expenses associated with commissioning and opening of swimming pool and gymnasium.

In addition, other costs associated with the project such as internal project management also require adjustment of budget.

A contingency budget is being recommended as part of the 2023/24 budget to ensure available funding.

The obligations under section 377 of the Local Government Act were met. Delegation to the General Manager to award the Contracts was due process.

This finding is noted. There are no project-related recommendations.

The growth in project scope from Option 2 to Option 2B was driven by Councillors' desire for a superior facility which did not fully align with the feedback from community consultation.

The growth in project scope was developed through a Value Management Workshop in September 2018, attended by the Design Steering Committee. The workshop identified a number of new facilities to include, with a view to generating additional revenue.

The review notes that the despite the increase in project cost between Option 2 and Option 2B, no additional community consultation was undertaken. Instead, Council consulted through the statutory DA exhibition.

There are no project-related recommendations.

Late identification of latent conditions on site led to rework, additional scope and cost to the project. Access to undertake survey and testing across the full site was limited until the pool was closed.

Generally, within construction contracts, an allowance is provided for latent conditions. These are physical conditions that could not be reasonably anticipated by a competent contractor at the time of tendering. The allowance is heavily reliant on the level of information provided by the client through due diligence undertaken.

A full program and budget for site investigations was never allowed for. Site investigations were performed as required in small 'batches' to progress with design, and never in the existing 50m pool area, due to a decision not to close the pool operation to allow for investigations.

Councils' solicitors advised Council to allow for additional contingency outside the contract sum for latent conditions, however the allowance included was not sufficient to cover the new works required on site or the delays due to design work.

The risks associated with latent conditions have been realised and there are no further project related recommendations.

A contracting strategy was not undertaken to inform the selection of the appropriate form of contract. In addition, the contract terms used were not familiar to Council.

The contracting methodology selected by NSC for the development of the North Sydney Olympic Pool consisted of separate design and construction contracts.

NSW Government Procurement Guidelines advises that "appropriate contracting models for delivery of a project are critical for achieving a project's objectives on terms which represent value for money".

In the development of the NSOP contracting model, there was no evidence to suggest a procurement options analysis was developed to assess the advantages and disadvantages of each contracting methodology available to Council, to ensure informed decision making and a fair allocation of risks.

While legal advice was sought in relation to the contract, the review found this advice did not constitute a procurement options analysis, with the following information not having been considered:

- geotechnical and hazardous materials investigations which provided evidence of a high potential of latent conditions;
- risk data or risk information related to the redevelopment of the NSOP which would have determined that Council would be exposed to risk which far exceeded its appetite, particularly since a loan was required to deliver the project;
- Additional contracting methodologies such as design finalisation and construct or an alliance, which would both be very typical construction methodologies where the Owner desires to maintain control of the design to a certain point, and where there is considerable risk of latent conditions, respectively;
- disadvantages of a construction-only contract including no single point of responsibility, increased use of resourcing to manage separate design and construction contracts, delay claims due to co-ordination.

The risks associated with this finding have been realised and there are no project-related recommendations.

The construction contract negotiation and signing was expedited, with the agreement signed on 31 December 2020. This expedited award created issues for the project as the design documentation was incomplete and site investigations were ongoing, leading to early variations and delay.

Tenders for construction were formally released 2 September 2020, and closed for submission 19 November 2020. The submitted tenders were reviewed, clarified and assessed by Council and on 15 December 2020, it was resolved that all submitted tenders were classified as non-conforming, and delegation was given to enter into direct negotiations with the preferred tenderer, with the project budget to be increased to the submitted price prior to negotiations taking place.

The negotiation period totalled 11 business days and was considered to be unusually expedited, when compared to the industry standard for projects of this scale.

It was found that the final position substantially increased Council's risk exposure from where it was at the start of negotiations, particularly in exposure to delay and EoT claims. The review found that the expedited nature of negotiations resulted in:

- access to the tenant's premise not being available at the time of construction starting;
- the final design was not available at the time of contract award;
- most of the changes proposed by the contractor were accepted;
- wet weather days not allowed for in contract, early works were not adequately planned.

Probity advisors were involved in all relevant meetings. Council's legal representatives were present in negotiation meetings.

There are no project-related recommendations. The risks associated with this finding have been realised.

4. Independent Review – organisation-wide project management recommendations

The review provided 20 recommendations for Council to consider as part of its broader project management framework. The recommendations to Council regarding project management included:

- development of standard implementation plan/strategic plan for projects above a financial threshold or with a high-risk rating;
- appointment of external Project Manager for projects above a financial threshold or with a high-risk rating;
- appointment of independent advisor to Steering Committees and ensuring Steering Committee membership includes a cross section of skills; and
- development of key templates for reporting and management across various aspects of project management.

Council manages a significant number of projects each year, all of which are of significantly less scale and complexity than the North Sydney Olympic Pool redevelopment. To assist in understanding the recommendations as they apply to these projects, an internal audit is currently underway to assess project management at this level. The results of both the NSOP review and the internal audit will inform improvement.

Council is also currently undergoing a structural and organisational review to ensure the structure and capacity of the organisation is aligned with community deliverables. Project management will be a focus of the new Executive Leadership Team.

The 2023/24 Delivery Program provides funding for the implementation of a Corporate Project Management Framework.

Consultation requirements

Councils Operational Plan and budget will be placed on exhibition following the Ordinary meeting of April 2023. This plan includes the additional funding contingency for the NSOP project.

Financial/Resource Implications

The project budget currently adopted by Council is $63.9M, funded through the following:

Loan Funding	$31M

Federal Government grant	$10M
State Government grant	$ 5M
Council funding	$17.9M
Total	**$63.9M**

Only $61,675,253 is provided for within the budgets prepared and will have to be increased to account for the difference of $2,224,747, with funding being included within the additional recommended contingency.

As noted in the independent report, the original budget for the project did not include all costs to construct and commission the project for operation.

Additional budget allocations are required for consultancies such as probity, risk management, quantity surveying, legal, and project management advice. The budget also currently does not provide for internal project management costs.

Additional budgets are also required for fit outs, technology and equipment associated with the swimming pools, gym, creche, and kiosk operations, along with sunk costs for staffing, business planning, and marketing associated with preparing for the opening and operation of the facility. These costs will be quantified once a scope of works has been complete.

Based upon current information, it is anticipated that the additional project budget required is expected to be between $25M and $30M (including the $2M correction). This includes consultants, contract works, works outside original scope such as fit outs and technology and costs associated with establishing operations for the pools, gym, creche, and kiosk. This additional funding requirement should be considered as an additional contingency until a final forecast cost is estimated. While the final cost is not yet firm, Council must be prepared with a financial strategy.

The total budget required is contingent upon a number of factors, including the preparation of a detailed business plan. **Despite this, it is important that Council is in a cashflow position that allows timely response to funding requirements.**

It should be noted that this is an estimate only and may require future adjustment if further delays are experienced.

As of 13 April 2023, the following variances to budget can be confirmed:

Variations to contract (including variations and scope changes approved)	$3,834,484
Additional works insurance	$ 532,283
Variations to design and consultancy	$3,067,354
Project Management	$ 312,086
Total	**$7,746,206**

Design and consultancy includes design consultants, probity, cost consultants, project management, peer review, heritage, decorative lighting, fire engineering, corrosion, WHS, streetscape, risk, programming and legal. Taking into consideration the variation above, these costs are reasonable based upon the value of this project and industry standards.

Project management variations take into consideration the cost of internal project management.

In addition to the variations above, it has become evident to the project team that two structures on site that were excluded from the original scope of works for design and construction will require works. This work is currently being costed and will form part of the recommended contingency. This includes the following:

Aqua Dining

- Slab repairs due to leaking
- Waterproofing to the balcony
- Replacement of decking to the balcony
- Repairs to corroded steel work
- Connection of downpipes not previously connected
- Replacement of pipework from kitchen
- Replacement of cool room
- Repairs to leaking roof
- Connection of the premise to the dry fire alarm system
- Compliance with BCA

Eastern Stair Tower

- Replace all electrical cables
- Waterproof/repairs/replace roofing
- Repairs to existing floor tiles
- Internal painting
- Replace non-compliant balustrade to stairs
- Connect Aqua to the dry fire alarm system
- Internal concrete repairs.

Details in relation to variations approved to date are provided in Table 1, with adjustments due to changes in scope detailed in Table 2.

Table 1. Variations

Classification	**Variations approved**	**Variation $ approved**
	#	**$**
Delays	4	1,068,765
25m pool	2	282,418

Design finalisation	4	582,324
Early works/latent conditions	38	988,962
Hazardous Substances	11	673,823
COVID delays	5	210,324
Services	4	207,074
Additional survey	6	13,195
Miscellaneous	10	97,553
Design enhancements	1	6,616
Total	**70**	**$4,131,054**

Table 2. Scope change

Classification	**# Variations approved**	**Pending Variations**	**Variation $ approved**
Provisional Sum adjustment	3	10	($356,353)
Childrens Play Equipment	1	0	$154,539
Lift replacement	1	0	$50,270
Deduction	2	2	($238,664)
Total	**7**	**12**	**($390,208)**

Potential future variations and cost escalation risks

As Council is aware, the project construction commencement date was 9 March 2021, with an original practical completion date of 14 November 2022. Based upon program advice, the date for practical completion is estimated as April 2024.

The economic environment throughout this period has resulted in inflationary pressure on materials, and a building industry in distress as a result. With the delay in construction and therefore practical completion, Council is in receipt of a number of variations and cost reports relating to the project, including cost escalation.

Outside of the variations currently approved, there are 93 pending variations as at March 2023, including 22 delay related claims and 19 early works/latent conditions claims. Council is currently working through an assessment and resolution process to address these claims.

Council has engaged a quantity surveyor to assess these claims in accordance with contract entitlements.

Funding strategy

There are three options to consider in relation to funding. These options may be considered in isolation or as a combination. A total of $25M - 30M is expected to be required. Following a review of available options, $24.2M has been included in the Draft budget for 2023/24. As the budget progresses and costs become firm, additional funding sources will be recommended.

Option 1. Reduction and/or deferral of capital works currently provided for in the Delivery Program.

The capital works, plant and equipment budget are funded through a variety of sources that restrict the purpose of expenditure, including:

- grant funding;
- developer contributions;
- Environment Levy; and
- Stormwater Levy.

Capital works that are funded and/or part-funded through these sources cannot be reduced or deferred to fund the NSOP.

Also included within the capital works budget are operational requirements including plant replacement, information technology equipment, and library books. These budgets are required to ensure effective operations. Any reduction to these budgets will impact upon service levels and the general effectiveness of Council's operations.

A restriction also applies to road funding due to the requirements of Roads to Recovery funding. To be eligible for grants under this program, Council must maintain funding levels for roads based upon past averages.

On consideration of the above, along with general asset management requirements and program commitments, it is recommended that $11,764,950 in programmed works be reduced and/or delayed. Details outlining this recommendation are included within the attachment to this report.

In addition to the 2023/24 budgeted capital works program, Council holds $12.4M in reserve for future capital works. By earmarking this reserve for the NSOP project, Council would have $24.2M in contingency for the project.

This is the recommended option and has been included within the Draft Operational Plan and Budget for 2023/24.

The reduced capital works renewals will have a negative impact on Councils asset renewal ratios. This will require consideration as capital works projects are prioritised in future budgets.

Option 2. Operational cost reduction

Council is currently undertaking a comprehensive organisational review and developing an improvement program, which has commenced with the adoption of a new senior staffing structure. The aim of this review is to ensure best practice in council leadership, governance, and administration, and will be undertaken over a four-year period of continuous improvement. This will include:

1. a review of Council’s strategic framework and goals to ensure clear and achievable priorities are agreed to respond to current and emerging community needs;
2. definition, cataloguing and review of the varied and diverse services offered by Council, along with the development of a program of service reviews;
3. definition and review of the functions, processes, and activities required to be undertaken to deliver agreed services and initiatives, and the identification of opportunities for improvement;
4. review and realignment of the organisation structure to ensure alignment with the goals and priorities of Council.
5. review of service levels and funding associated with council infrastructure including useful life assessments, and funding of renewals; and
6. an assessment of organisation capability and development requirements.

An initial desktop review of operations suggests that while there may be opportunities to improve effectiveness through structure, systems, technology, and skills, any financial savings identified may be required to address gaps.

The funding required for the completion of the NSOP is immediate. Introducing an immediate efficiency dividend target during the period of comprehensive review will result in impacts to service levels and is not recommended.

Option 3. Revenue increases

As part of the budget preparations for the 2023/24 Draft budget, a full review of fees and charges has been undertaken. Of the user charges and fees, approximately one third are statutory fees and unable to be increased. Car parking charges both on and off-street are also approximately one third. Revenue levels for car parking have not yet reached pre-Covid levels, and it is not recommended that they be increased above CPI as this might detract from usage, having the opposite desired effect on revenue levels.

Ordinary rates make up approximately 70% of rates and annual charges. To increase rates above the rate cap, the council must apply for a Special Rate Variation (SRV). To be eligible for a SRV for the 2023/24 financial year, notification was required in November 2022, with applications closing February 2023.

Due to the short term liquidity required, funding the NSOP project through additional revenue is therefore not an option.

Option 4. Loan funding

To date, Council has borrowed $31M for the NSOP redevelopment project, over a twenty-year term.

In considering an additional loan, indicative interest rate quotes have been received and indicate an interest rate of 5.15% for a twenty-year term.

An additional $25M in loan funding over a twenty-year term will require an annual cashflow of approximately $2M, with a total commitment of approximately $40M over the life of the loan.

Interest in the early years would be approximately $1M to $1.3M, which would impact upon Councils financial performance.

In the absence of a detailed business plan and clear expectation of potential income streams and whole of life costs, additional loan funding cannot be recommended. Should the business case be developed and suggest otherwise, loan funding could be revisited.

Option 4. Sale of property

Council has an investment property portfolio valued at $57M as at 30 June 2022.

Council-owned property provides value both in the short and long term. In the short term, Council receives revenue from the rental or use of property, and in the long term, capital gains are expected.

Should Council sell property, it must consider the opportunity cost associated with sale. Council staff are currently reviewing the property portfolio and will provide a future report to Council with any opportunities for sale. Should Council consider the sale of property, proceeds should be directed into the capital works reserve.

Legislation

Council has specific obligations under the funding agreements with the NSW Office of Sport and the Commonwealth Department of Health. These obligations were reviewed by Council's independent Probity Advisory who identified that Council has responded satisfactorily to all queries and request for evidence, such that no breaches of probity were observed.

Under the Office of Local Government Capital Expenditure Guidelines, Council is required to notify the Office at the commencement of the project.

In addition, if a project cost increases by 10% at any time, Council must notify the Office of the revised project cost and give a brief explanation as to the reasons for the increase and the Council's process and plans to meet these increases. As such, it is recommended that this report be referred to the Office of Local Government in accordance with the Capital Expenditure Guidelines.

Project Name	2023/24 Delivery Program and 2022/23 carried forward	Discretionary project value	Comment	Recommended reduction in capital budget
Roads Reconstruction	5,780,055	711,280	Council has recently received a grant to assist with road repairs following the past year of wet weather. Reducing our road budget by $700K in one year is unlikely to have a material impact.	711,280
Kerb & Gutter Reconstruction	1,600,000	1,600,000	Kerb and gutter reconstruction budgets have increased significantly over the past 10 years from $183,000 to $1,600,000. Council receives few complaints in regard to Kerb and Gutter due to this significant investment. It is recommended that this budget be reduced to $200,000 to allow for urgent replacement as required.	1,400,000
Footpath Reconstruction	1,637,920	1,637,920	It is important to maintain an appropriate level of renewal for footpaths to ensure pedestrian safety. In recent years, it has been Councils preference to replace rather than use methods such as grinding. This is an extremely high level of service when compared to the industry.	437,920
Stormwater Drainage Reconstruction & Gross Pollution Traps Upgrade	3,896,802	2,520,302	Drainage reconstruction budgets have increased significantly over the past 10 years from $609,000 to $2,500,000. Traditionally within Local Government, drainage renewal has typically been reactive due to the underground nature of this asset. NSC has been highly proactive in its asset management of drainage and stormwater. 84% of the network has been CCTV'd which drives the relining program extending the life of the asset. There is a reduced number of asset failures due to the investment in recent years and proactive nature of the management of this asset. Based upon this, it is recommended that the budget for 2023/24 be reduced to match the stormwater levy of $576,500 plus $800K for gross pollutant upgrade funded by environment levy.	2,520,302
Retaining Wall Reconstruction	1,400,000	1,400,000	Retaining wall reconstruction budgets have increased significantly over the past 10 years from $169,000 to $1,400,000. There are currently no urgent projects identified for the 2023/24 financial year. It is recommended this budget be reduced to $500,000.	900,000
Marine Structures Reconstruction	711,800	711,800	$360,000 is programmed for shellcove jetty, with an additional $300,000 recommended as a contingency	51,800
Seawall Reconstruction	1,237,856	1,237,856	The budget for 2023/24 has been programmed for Milsons point due to a condition assessment in relation to the seawall.	237,856
Streetscape Lighting Upgrades - Village Centres	827,600	827,600	Streetscape lighting upgrades in village centres included a budget of $827,600 to replace lighting to allow for more energy efficiency. This project is not time critical and it is recommended that it be reduced to $100,000 and that planned lighting upgrades be included within streetscape upgrade budgets going forward.	727,600

Project Name	2023/24 Delivery Program and 2022/23 carried forward	Discretionary project value	Comment	Recommended reduction in capital budget
Neutral Bay & Cremorne Public Domain Masterplan Projects	2,285,192	2,285,192	This project is currently undergoing community consultation. Detailed design has not been undertaken nor have detailed estimates been prepared. The local community is passionate about this project. The deferral of the project will not result in any safety risk. The project can be carried out in stages. It is recommended $182,000 be retained to progress detailed design and $150,000 to install a green trellis along military road to screen noise and pollution as a staged approach.	1,953,192
LATM Implementation - Projects to be Established	1,000,000	1,000,000	Traffic projects take some time to design and consult. It is unlikely Council would deliver this budget in 2023/24 based on already committed projects. The remaining $500K is funded through 7.11.	500,000
Pedestrian Crossing Lighting Upgrades	150,000	150,000	Lighting of pedestrian crossings is an important safety renewal, as such it is not recommended this budget be reduced.	-
Bike Strategy Projects	300,000	300,000	Required for delivery of the Route 3 cycleway and design documentation of Stage 2 of West Street.	-
Banner Flag Poles	50,000	50,000	This budget is for the purpose of additional banner poles. While additional banner poles improve the amenity of streets, they are not critical.	50,000
Bike Facilities - Young Street Cycleway	731,054	-	Grant funded	-
Bollards	20,000	20,000	This is a small budget for bollard replacement. Bollards are a safety measure.	-
Bus Shelter Replacement	125,000	125,000	5 heritage style bus shelters were recently removed, this funding will assist with their replacement.	-
Public Amenities Strategy Implementation	100,000	100,000	Small budget for reactive renewals and replacements	-
Road Furniture - Safety Barriers	600,000	600,000	In recent years a budget was introduced for road safety barriers in response to a study identifying opportunities to upgrade safety barriers. This program was implemented to upgrade existing timber fences into safety barriers. The budget in the long-term financial plan was increased to $600K for the 2023/24 financial year. This is inconsistent with future years and it is therefore proposed to reduce the budget to $200K. The program does not currently include a criteria based upon risk assessment.	400,000
Road Furniture - Timber Fences	220,000	220,000	This budget is recommended to remain due to the condition of timber fences.	-
North Sydney CBD Public Domain upgrades	500,000	500,000	There is currently significant State Govt and private construction in the CBD. Deferring consideration of capital spending until the Metro is complete is wise.	500,000
North Sydney CBD Street Furniture	25,000	25,000	There is currently significant State Govt and private construction in the CBD. Deferring consideration of capital spending until the Metro is complete is wise.	25,000
North Sydney CBD Streetscape lighting upgrades	50,000	50,000	There is currently significant State Govt and private construction in the CBD. Deferring consideration of capital spending until the Metro is complete is wise.	50,000

Project Name	2023/24 Delivery Program and 2022/23 carried forward	Discretionary project value	Comment	Recommended reduction in capital budget
Crows Nest Public Domain Masterplan Implementation	500,000	294,800	This project at Willoughby road is funded through 7.11 contributions for public domain purposes.	-
Young Street Plaza	1,915,768	-	Grant funded	-
Kirribilli Village Centres	1,345,335	1,096,806	This project has undertaken significant consultation. Detailed design is in progress. The current pop up streets as shared spaces are tired and disliked and not keeping in character with the local amenity. Given the progress of this project, it is recommended that it proceed.	-
Neutral Bay & Cremorne B-Line Streetscape Upgrades	369,429	-	Grant funded	-
Street Furniture Upgrades - Village Centres Parks and Plazas	50,000	50,000	Small budget for reactive renewals and replacements	-
North Sydney Olympic Pool Redevelopment	19,316,386	-	Project in progress, additonal estimated $27M required	-
Property Renewal - Projects to be Established	900,000	900,000	Councils building portfolio is in need of renewal. Reducing this budget will lead to additional costs associated with asset failure and maintenance.	-
Holtermann Street Car Park Upgrade Consultancy	1,313,814	-	Grant funded	-
Parking Meter Network Expansion - Stage 1	50,000	50,000		-
Parking Meter Replacement Program	25,000	25,000		-
Plant Purchases	1,707,814	1,707,814	Councils vehicle fleet is an important operational investment.	-
Parking Enforcement Handheld Infringement Devices Replacement	15,000	15,000	This equipment is an operational requirement.	-
Implementation of Disability Inclusion Action Plan	140,000	140,000	Councils disability inclusion action plan was recently adopted. It is important that this budget is maintained to commence actions committed.	-
Planet X Equipment and Furniture	11,000	11,000	This is a small budget to ensure the youth centre remains attractive to local youth.	-
Community Centres Equipment and Playgrounds	9,000	9,000	This is a small budget to assist with renewal of community centre equipment.	-
Kelly's Place Playground Upgrade	27,424	-	Developer contributions	-
Local Art Collection Acquisitions	5,000	5,000	This is a small budget to support vthe local arts community.	-
Library Books, etc	428,100	-	Grant/contrbutions	-
Library Furniture & Fittings Replacement	10,000	-	contributions	-
Library Local Priority Grant Expenditure	56,000	-	Grant funding	-
Information Videos Equipment	1,000	1,000	operational	-
I.T. Replacement of Desktop Devices with Hybrid Devices	990,900	990,900	The pandemic has resulted in a shift towards hybrid working models. Councils current IT offering includes fixed desktops and does not create an attractive offering for current and prospective staff. With desktops coming to the end of their useful life it is critical that we move to mobile devices.	-

Project Name	2023/24 Delivery Program and 2022/23 carried forward	Discretionary project value	Comment	Recommended reduction in capital budget
I.T. Replacement of Mobile Phones	97,280	97,280	Operational requirement with handsets reaching the end of their useful life. Strategy to be developed to ensure ongoing and staged replacement.	-
I.T. Migration to Microsoft Teams	40,000	40,000	Council is currently running two communications channels, being Skype for business and Teams, this project would result in all communications moving to the one platform.	-
I.T. Modernise GIS Platform	28,000	28,000	Operational requirement.	-
Hume Street Open Space Expansion Project	100,000	-	Developer contributions	-
OSES Asset Condition Report - Remedial Work	200,000	200,000	This is a small budget for urgent renewal works.	-
Berry island - Amenities Block Refurbishment	300,000	300,000	This project has been assessed and is considered in reasonable condition and able to be moved to a future year.	300,000
1 Henry Lawson Ave - Revert to Parkland	900,000	-	Developer contributions	-
Berry Island Reserve - Outdoor Fitness Equipment	30,000	30,000	This project has been assessed and there are no implications if it is deferred to future years.	30,000
Bon Andrews Oval – New Irrigation System	120,000	120,000	The irrigation system at this oval is overdue for replacement and the current condition is resulting in uneven watering and therefore risks to surface.	-
Bradfield Park Central - Renew Synthetic Surface	30,000	30,000	This is a small budget for minor patching to maintain at minimum level.	-
Cammeray Park - Master Planning	180,000	180,000	This project was flagged for 2022/23 and is required to respond to open space demands.	-
Green Park (Cammeray) - Senior Playground Refurbishment	170,000	170,000	The current equipment is tired but not considered a risk to the public and therefore may be deferred. It should also be noted that there are large impacts on local roads due to significant State Govt works construction traffic, by deferring council works we are able to eliviate some impact.	170,000
John Street Open Space - Small Watercraft Storage Facilities	40,000	40,000	This is a small budget to progress the small watercarft strategy to remedy overcrowding on foreshores	-
Lady Gowrie Lookout - Restoration of Heritage Landscape and upgarde	200,000	200,000	This project would beautify the lookout and renew infrastructure. There are no implications of deferring.	200,000
Lodge Road (Cremorne) - Playground Refurbishment	170,000	-	Developer contributions	-
Primrose Park - Additional Dual Cricket Net	180,000	180,000	This project has been a long standing commitment to the local cricket club and deferred previously.	-
Primrose Park - Reconfiguration and additional full size playing field	1,200,000	1,200,000	Sportsfield supply is not meeting demand. This project has the potential to attract grant funding. It is recommended that the budget be reduced and the project dependent upon matching grant.	600,000
Primrose Park - Drainage Improvements to Sportsfields	255,000	-	Developer contributions	-
Quarantine Boat Depot Site & Access Improvements	1,113,257	-	Grant	-
St Leonards Park - Landscape Masterplan Implementation	1,828,451	-	Developer contributions	-

Project Name	2023/24 Delivery Program and 2022/23 carried forward	Discretionary project value	Comment	Recommended reduction in capital budget
Sawmillers Reserve - Replace Step Tower	30,000	30,000	This is a small budget to assess the structural integrity of the existing structure for safety purposes.	-
Tunks Park - Storage Facilities for Kayaks and Improved Access	60,000	-	Developer contributions	-
Various Parks - Fence Construction/Upgrade	100,000	100,000	These are small budgets that spread across all public open space for the purpose of reactive renewal and replacement.	-
Various Parks - Park Furniture	80,000	80,000	These are small budgets that spread across all public open space for the purpose of reactive renewal and replacement.	-
Various Parks - Park Signs	30,000	30,000	These are small budgets that spread across all public open space for the purpose of reactive renewal and replacement.	-
Various Parks - Pathway Construction	200,000	200,000	These are small budgets that spread across all public open space for the purpose of reactive renewal and replacement.	-
Total	**60,117,237**	**24,623,550**		**11,764,950**

North Sydney Olympic Pool Council Resolutions – January 2015 to date

Date of Meeting	Item No & Title	Resolution
16/02/2015	NoM02: North Sydney Olympic Pool Masterplan and Redevelopment	1. THAT Council write to: • the Premier Mike Baird MP, with copies to our local members (the Minister for Health and the Minister for Transport), the Minister for Sport and Tourism and the Minister for Local Government, • the Leader of the Opposition Luke Foley MP with copies to the Shadow Ministers for Local Government, Sport and Tourism and, • the Treasurer Joe Hockey and Prime Minister Tony Abbott asking for a pre-election funding commitment of $25million towards the redevelopment of North Sydney Olympic Pool. 2. THAT the letters outline the significant historic, regional and heritage significance of the pool, the number of world records set in the pool and an acknowledgment that North Sydney Olympic Pool is a significant tourist attraction for both domestic and international visitors. 3. THAT a copy of the draft master plan for NSOP is included. 4. THAT the above letters are sent to the above addressees no later than Monday 23 February 2015 and a response requested prior to the next Council meeting on Monday 16 March 2015.
16/03/2015	GM01: Matters Outstanding	2. THAT a follow up letter is immediately sent to the Premier asking for a $25 million pre election commitment to the upgrade of North Sydney Olympic Pool. 3. THAT the letter note that the Premier recently announced a $57 million pre election commitment towards the $115 million upgrade

		of Taronga Zoo and $25 million pre election commitment towards the $57 million upgrade of Taronga Western Plain Zoo at Dubbo. That the letter note that whilst it is appreciated that many of the exhibits at Taronga Zoo are in need of an upgrade given the zoo opened in 1916, that it also be noted that North Sydney Olympic Pool which opened in 1936 and is the home of 86 world records, has concrete cancer. That the letter also notes that in 2013/14 North Sydney Olympic Pool had over 350,000 visitors that compared to Dubbo Zoo had 220,000 visitors which were down on the previous year, yet $25 million has been pledged. The redeveloped North Sydney Olympic Pool see an increase in the amount of visitors. Further, that the letter note that North Sydney Olympic Pool is continually discussed on tourism websites as a must see visitor attraction in Sydney and has state and national significance. And that once again Council requests that the Premier make a pre-election funding commitment of $25 million towards the redevelopment of the North Sydney Olympic Pool and that on objective analysis of the reasoning behind the pre-election funding commitments of Taronga and Dubbo Zoos Council believes that such a request is reasonable and appropriate. Council remind the Premier that we our doing our part in meeting the challenges of obesity and encouraging an active and healthy lifestyle and would like the state government to play its role as well. Copies of this letter are to be sent to local MPs Jillian Skinner, Gladys Berejiklian, the Leader of the Opposition and Minister of Sport and Recreation.
16/03/2015	EPS02: North Sydney Olympic Pool Redevelopment Options	1. THAT Council resolves to place option 5 Public Exhibition for the redevelopment of the North Sydney Olympic Pool for the purposes of seeking Community feedback and further refinement of a “Preferred Option”.

		2. THAT the community and key stakeholders who have already been consulted on the development of the options and responded to the online survey or made submissions directly to Council are contacted about the Public Exhibition of the Option or Options that have been developed and are invited to make further comments and submissions. 3. THAT the Option 5 be placed on an extended public exhibition for 60 days 4. THAT at the end of the Public Exhibition period a report is brought to Council on the feedback that has been received. 5. THAT during exhibition period Council consultants refine Option 5 to ensure that the proposal maximises the available space to meet the increasing demands of the pool with the various aquatic activities conducted, such as extending the 25m pool to 33m with a moveable boom and/or making the pool wider. 6. THAT Council advise Diving NSW and Diving Australia of public exhibition. *Note: A Notice of Rescission was lodged (regarding Minute 67 - EPS02: North Sydney Olympic Pool Redevelopment Options), signed by Councillors Gibson, Bevan and Marchandeau)*
20/04/2015	Notice of Rescission No 5/15 By Councillors Gibson, Marchandeau, Burke	1. THAT Council resolves to place all options prepared by consultants on public exhibition. 2. THAT a rigorous and broad community engagement plan be prepared to ensure that the whole of the North Sydney community together with existing pool users and relevant stakeholders are fully informed and able to participate in the consultation in order to refine the proposed masterplan for NSOP.

		3. THAT the community engagement plan include provision for a public meeting during the exhibition period with consultants attending. 4. THAT Council's Strategic Planning staff review the community engagement plan to ensure best practice. 5. THAT all background reports and materials provided to Councillors including but not limited to the various structural engineering reports, economic feasibility study, demand (existing/future) and demographic materials form part of the public exhibition.
19/11/2015	EPS07: North Sydney Olympic Pool Redevelopment Options – Community Engagement Phase 2 Findings	1. THAT Council notes the Phase 2 community engagement findings for the redevelopment options for North Sydney Olympic Pool. 2. THAT a Council Workshop on the outcome of the Phase 2 community engagement findings be held at the soonest possible date that all Councillors are available.
7/12/2015	GM01: Matters Outstanding	2. THAT Council write to the new Federal Member for North Sydney Mr Zimmerman requesting government funding for the upgrade of North Sydney Olympic Pool.
21/03/2016	EPS01: North Sydney Olympic Pool Redevelopment Options	1. THAT Council defers the decision on the next steps in relation to the North Sydney Olympic Pool redevelopment. 2. THAT during the period of deferment, a Councillor workshop(s) facilitated by an independent professional moderator be held, to allow all Councillors the opportunity to speak openly and ensure that all relevant information, including the history of the pool, demographic projections for the next 20, 50 and 75 years, and their impact on needs/demands in relation to the pool, avenues for sourcing/applying for State and Federal funding, is provided/presented.

		3. THAT the General Manager and the Directors of City Strategy, Open Space and Engineering also attend the workshop. 4. THAT if necessary, further or refined options for the redevelopment of the North Sydney Olympic Pool are commissioned.
20/11/2017	MM01: Finally fix our Pool	1. THAT Council supports the development of Option 2 to a detailed design phase. 2. THAT the design development include an upgraded crèche that meets the needs of parents and carers who wish to keep their children safe while visiting the gym and pool facilities, and that the design solution takes into account any anticipated increased demand for the crèche once the overall pool facility is upgraded. 3. THAT while the detailed design is being undertaken, Council staff in conjunction with the Architects develop a business analysis of the costs and future revenue streams of the project. 4. THAT the detailed design and business analysis be reported back to Council before being placed on public exhibition for an extended consultation period. 5. THAT Council consider accessibility in the planning specifically addressing universal design. 6. THAT Council staff investigate options for allowing pool and gym users access to Luna Park's Parking Station, which at present is under-utilised. 7. THAT the Mayor and Deputy Mayor meet with the Member for North Sydney, the Member for North Shore and the Premier, seeking their assistance in applying for grant funding for the Pool renewal project.
30/04/2018	EPS04: North Sydney Olympic Pool Redevelopment Update	1. THAT Council notes the status of the redevelopment of the North Sydney Olympic Pool including the tenders for Design and Project

		Management Services that are currently in the Market and scheduled to be reported to Council by the end of this financial year. 2. THAT Council notes the draft program for the delivery of the redeveloped North Sydney Olympic Pool as outlined in this report. 3. THAT Council approves the investigation of alternative revenue sources and opportunities for funding the redevelopment of the North Sydney Olympic pool such as “Exclusive Access Rights”, “Corporate Events”, “Naming Rights”, “Merchandising” and “Partnerships” in accordance with Councils Corporate Sponsorship, Road and Place Naming Policies and relevant Planning Controls
25/06/2018	EPS01: North Sydney Olympic Pool Redevelopment – Project Management Services Tender 33/2018	1. THAT Council accept the Alternative tender of NS Projects Pty Ltd for the North Sydney Olympic Pool Redevelopment – Project Management Services Tender - 33/2018. Stage 1 Services only. 2. THAT The General Manager be authorised to take any necessary action to implement the decision including entering into associated contracts and to award (or not award) the further stages of the Project Management Services engagement (Stages 2,3-and 4) based on the performance of NS Projects Pty Ltd in Stage 1. 3. THAT, once Council has executed the Contract, information relating to the successful tender be published in Council’s Register of Contracts as required by *Government Information (Public Access) Act 2009 - Part 3 Division 5 - Government Contracts With Private Sector.*
25/06/2018	EPS02: North Sydney Olympic Pool Redevelopment – Design Services Tender 34/2018	1. THAT Council accept the tender of Brewster Hjorth Architects Pty Ltd for Tender 34/2018 for the North Sydney Olympic Pool Redevelopment – Design Services. Stage 1, 2 and 3 Services only. 2. THAT The General Manager be authorised to take any necessary action to implement the decision including entering into associated contracts and to award (or not award) the further stages of the

		Design Services engagement (Stage 4) based on the performance of Brewster Hjorth Architects in Stage 1,2 and 3. 3. THAT, once Council has executed the Contract, information relating to the successful tender be published in Council's Register of Contracts as required by *Government Information (Public Access) Act 2009 - Part 3 Division 5 - Government Contracts With Private Sector.*
30 July 2018	EPS03: North Sydney Olympic Pool (NSOP) Redevelopment Update and Project Governance	1. THAT Council notes the status of the redevelopment of the North Sydney Olympic Pool, regarding Program and appointment of key consultants. 2. THAT Council endorses the proposed governance structure for the project including the establishment of: • Steering Control Group; • Project Control Group; and • Stakeholder Group as outlined within the report. 3. THAT Council appoint Councillor Drummond on the Project Steering Group (PSG). 4. THAT Mr. Bill Drakopoulos be appointed as an external representative to the PSG. 5. THAT the Mayor, General Manager and nominated Councillor representatives on the PSG select the second external representative. 6. THAT Council support the proposed study tour of recently completed Pool/Aquatic facilities in Melbourne.
29 January 2019	MM05:North Sydney Olympic Pool	1. THAT Council staff organise a meeting as soon as possible between: • The Mayor, Deputy Mayor and General Manager of North Sydney Council;

		• The Mayor, Deputy Mayor and General Manager of Lane Cove Council; and • Minister for Sport and senior departmental staff to ensure a coordinated approach to the timing and funding of aquatic recreational facility upgrades; and 2. THAT the local Federal Member for North Sydney, Mr Trent Zimmerman MP, also be asked to assist with ensuring aquatic recreational facilities remain available for school carnivals and general community recreation.
25 February 2019	EPS03: North Sydney Olympic Pool – Existing Grandstand Structural Engineering Reports	1. THAT Council notes the recommendation of the Engineering Reports prepared by structural Engineers Mahaffey and Associates Pty Ltd and Mott Macdonald Australia Pty Ltd. These reports conclude that the structure has reached the end of its useful life and that retaining the existing grandstand in the long term should not be considered. 2. THAT Council notes it is recommended by the structural Engineers that a visual monitoring (inspections) protocol be established every three to six months using the data in the structural reports to record any further deterioration of the structure. 3. THAT Council note that crowd numbers in the existing grandstand have been limited to 900 and subject to a further inspection in June 2019 it may be necessary to further curtail numbers allowed on the structure.
25 March 2019	EPS03: North Sydney Olympic Pool – Design Stage 2 – Development Application (DA) Documentation and Statutory Approvals	1. THAT Council resolves to progress the completion of Design Stage 2 (Development Application and Statutory Approvals) for the redevelopment of the North Sydney Olympic Pool based on Option 2b, noting that the current total project cost estimate for

		this design (inclusive of construction, project management, design and project contingency costs) is in the order of $57.9 million. 2. THAT the developed Option 2b include: • A refreshed Hall of Fame that celebrates the rich history of the North Sydney Olympic Pool (86 world records) and that it be given special focus during the detailed design phase; • The detailed design of the Children's Interactive Play Area be given special consideration in terms of height, colour and visual aesthetics ensuring that the iconic character and heritage setting is maintained and complemented; and • The Architects seek to preserve any heritage signage and features where possible. 3. THAT in light of the structural condition of North Sydney Olympic Pool 50m pool and grandstand highlighted in independent engineering reports, the need for State and Federal Government funding assistance if the facility is to be refurbished and remain open be relayed to the State Member for North Shore, Ms Felicity Wilson and Federal Member for North Sydney, Mr Trent Zimmerman. 4. THAT an invitation for a site meeting be issued to the Premier and local State and Federal members to view firsthand the current condition of the grandstand and pool and its need for urgent attention. 5. THAT Council notes that further community consultation on the developed (Option 2b) will be undertaken as part of the Development Application process whereby the development application is required to be publicly exhibited as per Section 4 (Notification of Applications) of Council's Development Control Plan 2013.

		6. THAT a celebration week be held in the week leading up to the closing of the North Sydney Olympic Pool for redevelopment/refurbishment and that an appropriate budget be identified for celebratory activities.
29 April 2019	MM04: North Sydney Olympic Pool Redevelopment Funding	1. THAT Council writes to Mr Trent Zimmerman, thanking him for his efforts in securing a prompt $10 million pre-election commitment for the Pool, as well as writing to the Treasurer, Mr Josh Frydenberg and Prime Minister, Mr Scott Morrison, thanking them for the promised funds and their support. 2. THAT, as a matter of urgency, we write to the Opposition Leader, Mr Bill Shorten, Shadow Treasurer, Mr Chris Bowen, and Shadow Minister for Sport, Mr Don Farrell, to secure a pre-election pledge of $10 million or more in funding towards the Pool should they win the election. 3. THAT, as a matter of urgency, we write to NSW Member for North Shore, Ms Felicity Wilson, NSW Treasurer, Mr Dominic Perrottet and NSW Premier, Ms Gladys Berejiklian, requesting that they at least match the Federal Government pledge of $10 million. 4. THAT Council continue to campaign for funding towards the pool redevelopment project.
26 August 2019	EPS01: North Sydney Olympic Pool – Stage 2 Design (Development Application and Statutory Approvals) – Status Update	1. THAT the progress with the Development Application preparation – Stage 2 Design (Development Application and Statutory Approvals) be noted. 2. THAT the long-term financial plan be amended and reported back to Council incorporating a total budget of $57.9 million for the redevelopment of the North Sydney Olympic Pool in line

		with the proposed breakdown of funding sources identified in the Financial Implications section of this report.
23 March 2020 (held on 6 April 2020)	Item 19: North Sydney Olympic Pool Development Application Amendments Requested by the Independent Planner - Heritage Planners and Public Consultation Feedback	1. THAT Council resolves to adopt the recommended design changes outlined in the Detail section of this report – refer to Table 1, in particular the deletion of the shade canopy over the children's outdoor interactive play area due to heritage concerns with the impact of the structure. Questions on Notice Councillor Mutton asked the following questions in relation to this matter: 1 What is the date of the Ripples lease? 2. Did the original lease have a demolition clause? 3. What are the dates of the 2 extensions to the lease: i. due to the construction time; ii. an extension to the first lease? The General Manager advised that he would take these questions on notice and provide a full response to all councillors.
18 May 2020	6.1. North Sydney Olympic Pool and Easing of COVID-19 Restrictions	1. THAT Council undertake the 12-monthly structural engineering review of the pool shell and subject to the results of the review not identifying significant further deterioration, the North Sydney Olympic Pool outdoor pool be made available for lap swimming, initially on a pre-booking basis as soon as possible.

		2. THAT Council continue to progress the redevelopment of NSOP as a priority in order to address the deteriorated condition of the Facility and return it to full operation as quickly as possible, post COVID-19. 3. THAT a report be provided to Council on usage after the pool opens.
18 May 2020	10.3. North Sydney Olympic Pool - Licence Arrangements	1. THAT Council resolve to provide the Badger Swim School the required four months' notice to terminate the current licence to provide Professional Swimming Coaching at the North Sydney Olympic Pool – Tender No. 7/2018. 2. THAT the report be treated as confidential and remain confidential until Council determines otherwise.
22 June 2020	11.1 North Sydney Olympic Pool Redevelopment - Expression of Interest 24/2020	1. THAT Council proceed with a Select Tender Process. 2. THAT Council invite Select Tenders from the (8) shortlisted companies.
27 July 2020	8.20 North Sydney Olympic Pool Operations	1. THAT the report on the use of the North Sydney Olympic Pool over the previous three weeks be received.
15 December 2020	6.1 Redevelopment of the North Sydney Olympic Pool - Tender 24/2020	1. THAT Council increase the budget allocation to the North Sydney Olympic Pool by $6 million comprising $3 million from Open Space and Recreation Reserve and $3 million in additional borrowings. 2. THAT the General Manager be authorised to enter a loan arrangement for the revised borrowing amount of $31 million with TCorp on the same terms and conditions as previously approved for the $28 million loan offer.

		3. THAT Council reject all offers for Tender No. 24/2020 for the redevelopment of the North Sydney Olympic Pool. 4. THAT Council does not invite fresh tenders as the initial EOI process identified suitable construction companies, the non-proposed conformance amendments to Condition of Contract can be resolved through negotiation, and Council is satisfied the pricing already provided through the process to date ensures competitive marked pricing. Furthermore, it is considered that re-tendering, rather than negotiating, will not attract additional suitable submissions for the project. 5. THAT Council resolves to enter into direct negotiation with the preferred tenderer(s) for the redevelopment of the North Sydney Olympic Pool in sequence of their ranking order. 6. THAT authority be delegated to the General Manager to negotiate with the preferred tenderer and enter into a contract for the redevelopment of the North Sydney Olympic Pool subject to: i) the contract value being within the amended budget after allowing for contingencies and project management costs as identified in the Confidential Report. ii) gaining unanimous consent from a committee comprising the Mayor, Deputy Mayor and Cr Mutton; in respect to negotiated amendments to the Construction Contract. 7. THAT once Council has executed the Contract, information relating to the contract be published in Council's Register of Contracts as required by Government Information (Public Access) Act 2009 - Part 3 Division 5 - Government Contracts with Private Sector. 8. THAT a further report be presented to Council addressing the outcome of the negotiations.

		9. THAT the further report be presented to Council on the performance of Council's property lease portfolio for the purpose of considering liquidating low performing properties and reducing the ultimate draw down of debt. 10. THAT the Confidential Report relating to matters specified in Sections 10A(2)(d) be treated as confidential and remain confidential until Council determines otherwise.
21 December 2020	6.2 Questions With Notice - Cr Beregi	1. THAT the Questions with Notice and responses thereto be noted and no further action is required.
22 February 2021	8.8 North Sydney Olympic Pool Redevelopment Governance Structure	1. THAT Council notes the report and thanks the previous Steering Group for their contribution through the Design and Development phase of the NSOP redevelopment.
22 February 2021	10.4 North Sydney Olympic Pool Site Handover	1.THAT Council approve the establishment of new leases with the current lessee of Ripples Café and Aqua Dining for a period of five years plus three by five-year options (20 years total) commencing from their re-opening post the redevelopment. 2. THAT the lease payment be commenced at the equivalent lease fee that applies at the early termination of current leases and be subject to annual indexation and market reviews every five years. 3.THAT the General Manager be authorised to finalise and enter the new leases including transitional arrangements for termination, fit out and recommencement. 4. THAT prior to entering any new lease relating to the North Sydney Olympic pool that Council confer with the Legal Firm advising Council on the North Sydney Olympic Pool development construction contract to ensure consistency.

		5.THAT the Confidential report be treated as Confidential and remain Confidential until Council determines otherwise.
24 May 2021	10.3 North Sydney Olympic Pool Redevelopment	1. THAT the report be received. 2. THAT the report be treated as confidential and remain confidential until Council determines otherwise.
23 August 2021	8.11. North Sydney Olympic Pool – Monthly Progress Report – August 2021	1. THAT the report be received.
23 August 2021	10.2. North Sydney Olympic Pool – Quarterly Project Governance Report – August 2021	1. THAT the report be received. 2. THAT the report be treated as confidential and remain confidential until Council determines otherwise.
27 September 2021	8.13 North Sydney Olympic Pool Monthly Progress Report September 2021	1. THAT the report be received.
25 October 2021	8.16. North Sydney Olympic Pool Monthly Progress Report October 2021	1. THAT the report be received.
25 October 2021	10.2 North Sydney Olympic Pool - Quarterly Project Governance Report - October 2021	1. THAT the report be received. 2. THAT the report be treated as confidential and remain confidential until Council determines otherwise.
21 February 2022	8.19. North Sydney Olympic Pool Redevelopment Monthly Progress Report	THAT the report be received.

21 February 2022	10.6. North Sydney Olympic Pool Redevelopment Governance Report February 2022	1. THAT the report be received 2. THAT the report be treated as confidential and remain confidential until Council determines otherwise.
28 March 2022	8.18. North Sydney Olympic Pool Redevelopment Monthly Progress Report	1. THAT the report be received.
26 April 2022	8.16. North Sydney Olympic Pool Redevelopment Progress Report	1. THAT the report be received.
23 May 2023	7.2. Governance and Finance Committee - Minutes 9 May 2022	13.THAT the NSOP Redevelopment Governance Report be deferred to a Councillor briefing. (5.1)
23 May 2023	8.15. North Sydney Olympic Pool Redevelopment monthly progress report	1. THAT the report be received.
27 June 2022	8.18. North Sydney Olympic Pool Redevelopment Monthly Progress Report	1. THAT the report be received.
25 July 2022	8.14. North Sydney Olympic Pool Redevelopment Monthly Progress Report	1. THAT the report be received.
22 August 2022	11.1. North Sydney Olympic Pool Redevelopment Governance Report August 2022	1. THAT the report be received. 2. THAT the report be treated as confidential and remain confidential until Council determines otherwise.
12 September 2022	8.6. North Sydney Olympic Pool Redevelopment Monthly Progress Report	1. THAT the report be received. 2. THAT Council be updated on major variations or developments regarding the pool project of an aggregate quantum of $500,000 or more as part of the regular Councillor briefing process.

10 October 2022	8.3. MM03: Independent review of the North Sydney Olympic Pool redevelopment project	1. THAT Council urgently undertake an independent review of the Council's management of the North Sydney Olympic Pool redevelopment project. 2. THAT Council engage a suitably qualified independent person to undertake a thorough review of all aspects of the North Sydney Olympic Pool redevelopment project and prepare a report to Council.
10 October 2022	10.12. North Sydney Olympic Pool Redevelopment Monthly Progress Report	1. THAT the report be received.
14 November 2022	10.13. North Sydney Olympic Pool Operations	1. THAT Council support the Internal Management model as set out in this report for the operation of North Sydney Olympic Pool and commence the necessary budgetary and industrial actions to support implementation.
14 November 2022	10.14. North Sydney Olympic Pool Redevelopment - Monthly Progress Report	1. THAT the report be received.
12 December 2022	10.17. North Sydney Olympic Pool Report - Quarterly Governance Report	1. THAT the report be received. 2 THAT Council resolves that the identified attachment to this report is to be treated as confidential in accordance with section 11(3) of the Local Government Act for the following reason under section 10A(2) of the Local Government Act: (c) information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business. While there is significant public interest in the delivery of the North Sydney Olympic Pool project, the information treated as confidential details commercial arrangements. Release of this information would affect Council's ability to obtain value for money

		services. As a result consideration of the confidential information in open Council would be, on balance, contrary to the public interest.
30 January 2023	10.6. North Sydney Olympic Pool Redevelopment - Monthly Progress Report	1. THAT the report be received.
27 February 2023	10.8. North Sydney Olympic Pool Redevelopment - Monthly Progress Report	1. THAT the report be received.
27 March 2023	10.8. North Sydney Olympic Pool Redevelopment - Monthly Progress Report	1. THAT the report be received.

Special rate variation

Risk: That SRV application is not approved by IPART.
Current risk rating: Extreme

As outlined in this Long-Term Financial Plan, Council's financial position is unsustainable in the short-term. Additional loan borrowings would need to be taken and/or strategically held properties needing sale to pay short-term liabilities as and when they fall due.

Service levels require substantial cuts and over time, and infrastructure would be subject to failure due to lack of maintenance or renewal.

North Sydney Olympic Pool Operations

Risk: That target operational results are not achieved.
Current risk rating: Extreme
Future risk rating: Low

Business modelling has been undertaken to plan for the opening and operation of the North Sydney Olympic Pool.

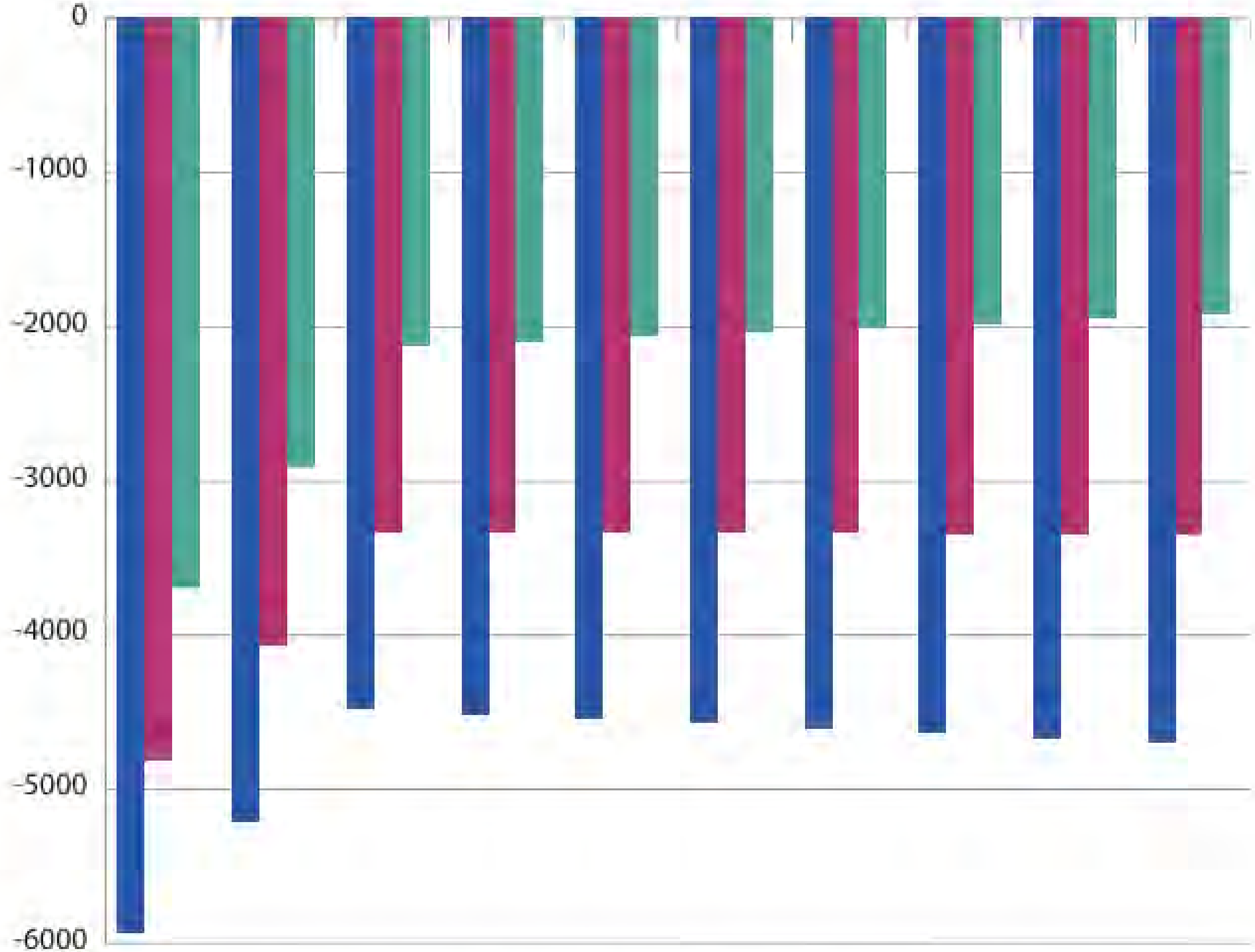
The target scenario included within Council's Long-Term Financial Plan is based upon attendance of 500,000 persons in Year 1, expanding to 520,000 by Year 3. This scenario also assumes 1,700 registered learn- to-swim participants and 1,200 gym users within Year 1 expanding to 2,250 learn to swim participant and 1,900 gym users by Year 3.

In addition to the business modelling undertaken, to reduce the financial impact of the facility on Council's overall financial position, Council will explore commercial opportunities that may result in temporary interruptions to pool users, such as hiring the facility on particular occasions throughout the year. As these opportunities are uncertain, they have not been included within the financial modelling.

Should risks associated with less than forecast attendance and memberships eventuate, Council would have to reduce its expenditure on services or asset backlogs accordingly.

Based upon Council's current financial position and projections, this would create an extreme risk. Based upon the three scenarios provided within this plan, the strengthened overall position of Council would reduce this risk.

Figure 7. North Sydney Olympic Pool scenario analysis



Scenario	2025/26 ($'000)	2026/27 ($'000)	2027/28 ($'000)	2028/29 ($'000)	2029/30 ($'000)	2030/31 ($'000)	2031/32 ($'000)	2032/33 ($'000)	2033/34 ($'000)	2034/35 ($'000)
Pessimistic	-5,938	-5,214	-4,489	-4,518	-4,548	-4,579	-4,610	-4,643	-4,676	-4,710
Target	-4,820	-4,080	-3,338	-3,340	-3,342	-3,344	-3,346	-3,348	-3,351	-3,353
Optimistic	-3,702	-2,915	-2,127	-2,099	-2,072	-2,043	-2,014	-1,985	-1,954	-1,924

North Sydney Council's 87% Rate Rise

North Sydney Council's proposal to IPART to increase rates via an unprecedented Special Rate Variation of 87% is flawed and unjustified. The consultation and decision-making process undertaken by the Council was deficient with a predetermined outcome that failed to genuinely consider community feedback. The financial justifications put forward by the Council for the rate hike are misleading, including an artificially inflated infrastructure backlog and undisclosed stockpiling of reserves. Many in the community are likely unaware of SRV's true purpose and therefore the need for the rate rise, largely due to a lack of transparency in Council communications. Further, the proposed increase would place an unreasonable financial burden on ratepayers, many of whom are already struggling with cost-of-living pressures.

1. Consultation & decision-making process: Predetermined outcome and lack of transparency

Skewed survey design: From the outset, North Sydney Council's community consultation was designed to produce a predetermined result. The initial survey forced individuals to choose between four rate hikes—starting at a massive 65%—with no option to reject the SRV outright. This distorted the outcome. Only after public backlash did the Council revise the survey, but by then, many residents would likely have disengaged, leading to an understatement of opposition.

Manufactured justification: Between June and August 2024 – months before the rate rise proposal was announced, the Council intensively promoted various projects under the banner of "Informing Strategies" without revealing that those projects would require an SRV to raise additional revenue to fund them. There is evidence now that confirms the Council began work on the SRV as early as June 2024 (https://northsydneysun.com.au/community-politics/exclusive-north-sydney-council-developed-rate-rise-plan-before-last-election-but-didnt-tell-councillors-ratepayers-for-up-to-five-months/), yet the Council withheld this important and relevant information when they consulted on the Informing Strategies. And now they are using the community feedback from this earlier process, to justify the SRV, claiming that these projects are essential. This approach is dishonest.

Biased workshop: The Council claims that most of the 42 participants who participated in a workshop during the SRV consultation supported the SRV and the Informing Strategies. However, these individuals were handpicked from the same pool of people who developed the Informing Strategies in earlier workshops on the Informing Strategies. The feedback from this workshop is therefore not an independent representation of public sentiment; it is an output of an inherently biased process designed by the Council to reinforce the Council's agenda.

Pre-determined outcome: Public consultation on the SRV closed on January 10th 2025, yet the Council waited for an entire month, until February10th 2025, to vote on the SRV - just 4 business days before the IPART submission deadline. This left no time to genuinely consider community feedback or allow for any possibility that Councillors might vote to amend the proposal in response to community concerns. A Council report presented at the Council meeting on February 10th showed approximately 80% of those who completed the survey opposed the rate rise, with many written submissions objecting to it, and 30 speakers in the public gallery addressed Councillors, reinforcing this stance. Despite this clear opposition, 7 of 10 Councillors voted for the rate rise. This, together with the timeline that left no opportunity for amendments to the proposal, suggests that this decision is likely to have been made in advance - rendering the consultation process meaningless. This is an insult to the community. Further, there were hundreds from the community who came to the Council meeting on

February10th, but the Council hadn't made arrangements to cater for such a large number of people, couldn't fit in everyone, and many had to be turned away.

Manipulation of official council records: The Meeting Minutes of the Council Meeting on 10th, that were provided to IPART by the Council, was an altered version, that deleted the record of the 30 public forum speakers who spoke against the rate rise. This manipulation of an official record is truly disturbing and undermines trust even further. The original Council meeting minutes are available on the Council website.

2. Many ratepayers are not aware of the true need for SRV

The current Council has repeatedly implied that the SRV is primarily needed to cover cost overruns for the North Sydney Olympic Pool redevelopment and has repeatedly blamed a past Council (pre-2021) for this.

As a result, many residents seem to believe the additional revenue from the SRV is needed mainly to pay for the pool—a misconception evident in public submissions to North Sydney Council during the consultation process. However, the pool accounts for only about 10% of the total revenue the SRV will generate over 10 years.

This misunderstanding has been exacerbated by the lack of transparency in Council's communication, which failed to clearly explain how additional revenue from the SRV will be spent. As a result, many in the community do not understand the need for the SRV**.** The criteria that the community must understand the need for the rate rise, is therefore not satisfied.

3. The Council has not demonstrated that the impact on ratepayers is reasonable

To justify the rate rise, Council commissioned a "capacity to pay" report from a consulting company called Morrison Low—but Morrison Low's analysis relies on outdated 2021 data, that ignores the sharp rises in interest rates, inflation, and cost-of-living pressures, that have occurred since 2021.

Crucially, the Morrison Low analysis does not mention the ABS SEIFA Index of Economic Resources, a key affordability measure placing North Sydney below the national mid-point (49th percentile)—which shows diversity of economic and financial capacity, and indicates the presence of people under financial strain. North Sydney is not universally wealthy. Pensioners, single parents, renters, carers with dependents, mortgage holders etc. will bear the brunt of these rate increases. Young families, already stretched thin by mortgage repayments and rents, may have little left for essentials. **The money has to come from somewhere—households will have to make trade-offs - for some, that means cutting back on kids' sports, fresh food, birthday parties for children, a meal out with the family, travel to see friends, or social activities, impacting well-being and mental health.**

At the February10th Council meeting, one Councillor who voted for the rate rise attempted to justify it by citing his own household expenses, claiming he pays $185.30 per month, or over $2,000 a year, for two mobile phones. He made the point that this was $1,000 more than the proposed minimum Council rate. (The Council Meeting video recording is available to be viewed on-line). This comparison is completely out of touch. Not everyone spends over $90 per month on a phone plan! Many struggling residents pay half that—or less—just to make ends meet. Using personal spending habits to justify a rate hike ignores the reality **that for many, every dollar counts.**

4. Artificially inflated Infrastructure Backlog – the Council has not demonstrated the need for the additional revenue

The Council claims it faces a $146 million “infrastructure backlog” and this is one of the Council’s purported reasons why it needs the SRV. However, $100 million of this "backlog" is artificial – it stems from an accounting definition change—not a physical change in asset condition. This critical detail was not disclosed in the Council’s financial statements or in the consultation process and only came to light when an expert in the community (with a PHD in accounting) uncovered and exposed it publicly. Inflating the infrastructure backlog figure by $100 million through an undisclosed definition change, is not responsible financial management – it is deception.

5. Huge unrestricted reserves – The Council has not demonstrated the need for the additional revenue, and the Community is unaware of the need for the SRV

The Council’s financial projections as provided to IPART reveal that with the SRV in place, their unrestricted reserves will balloon to nearly $100 million over the next decade. This was not disclosed by the Council to the community during the consultation process. Therefore, the Council has not demonstrated the need for this additional revenue (since it didn’t disclose its intention to use $100 million of ratepayer funds in this manner).

In addition, since the stockpiling of nearly $100 million in unrestricted reserves was not made transparent during the community consultation, many residents are likely to be unaware of this plan and therefore unlikely to be aware of the need for the rate rise – which means another IPART criteria hasn’t been satisfied.

In addition to the lack of transparency, such a high level of unrestricted reserves is a concern. Oversized reserves can reduce financial accountability and prudency, conceal cost overruns, and create a slush fund for politically driven pet projects. IPART should limit the SRV in order to limit the amount that can be funnelled into reserves.

6. Spending on Informing Strategies – the Council has not demonstrated the need for the additional revenue

The Council plans to spend $167 million over 10 years on the Informing Strategies—despite the fact that when residents were made aware of the cost, 80% (of close to 800 surveyed) opposed the Informing Strategies. The need for additional revenue to pay for the Informing Strategies has therefore not been demonstrated.

7. The way forward

North Sydney Council’s consultation process is flawed and biased, its financial justifications misleading, and its approach to affordability out of touch. The Council has failed to demonstrate that $550 million of additional revenue over 10 years is really needed. The Council has failed to provide evidence that the impact on ratepayers is reasonable. Many ratepayers do not understand the real need for the rate rise due to incomplete and misleading information provided by the Council during the consultation process. Essential IPART criteria have not been met.

IPART should reject this SRV or, at the very least, limit it to essential spending only.

The North Sydney community deserves better.

Author name: Name suppressed

Date of submission: Monday, 24 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am a resident and ratepayer of NSC. I object to the size of the rate increase. It is being used to fund unknown 'Informing Strategies' and reserves, not just the pool and operating costs. Can we please just stick to the problem at hand, the pool - which evidenced by the cost blowout hasn't been managed well. Please allow just a modest increase.

Author name: Name suppressed

Date of submission: Monday, 24 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I object to this rate increase North Sydney council has taken too many projects all at once and is not looking at reducing their costs or extending the time frame for their projects. They have already received an income boost through the building of a number of new high rise apartments and office blocks from whom they are now receiving a large increase in the number of rates. They are not chasing revenue through other means, e.g. at night they are not chasing up illegally parked cars in no stopping zones near various food plazas. A simple source of revenue. A large number of rates payers and tenants do not have the income that North Sydney Council thinks they have. This shows that the Council is not thinking of the community or acting for it. There is too much concentration by the council on wasting money on street scapes and other projects that could wait for awhile rather than on concentrating on the basics. In other words they should be concentrating on looking after the parks, the community venues, the street guttering, the sports ovals, the roads, and paying the bills etc. With the recent rise in the costs of living this rate increase is just adding more pressure on a number of households who are already at their spending limit. Plus the Council has not outlined to the community any plans to reduce costs to help. Regards, [redacted]

Author name: Name suppressed

Date of submission: Monday, 24 March 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Dear IPART, I am writing to express my strong opposition to North Sydney Councils proposal to increase rates by nearly 90 per cent over the next two years. I represent a number of landlords who own commercial assets across the LGA, predominantly in the North Sydney CBD and on their behalf, we believe this significant hike will have detrimental effects on our community and local businesses. The proposed rate increase is unreasonable and will place an undue financial burden on property owners and tenants. The North Sydney CBD is already suffering from a vacancy rate up to 25%, one of the highest of all capital cities. Outgoings rates have seen massive increases year on year, and the flow on effect of increasing the proposed 87% increase over the next two years will be highly detrimental to our landlords but even more so, to our tenants, who may continue to look for more affordable options in other sub-markets, as they are priced out of North Sydney. Year on year, we receive a high number of complaints from our tenants when setting the outgoings rate and preparing budgets. As these are often completed earlier in the year (prior to 1 July commencement), we are often having difficult conversations for the entirety of the year, and trying to manage the budget to offset unexpected rises in statutory expenses, which comes at the expense of other items which need to be forgone in order not to cause budget blow outs. We are constantly in a recoverable position at the end of the year, needing to explain why costs beyond our control continue to escalate rapidly. Alongside tenants, the higher rates could make commercial properties less attractive to potential investors as well, leading to a decline in property values and overall economic activity in the area. Developers such as Stockland, Mirvac, and Lendlease have already voiced their concerns, highlighting the potential for severe economic repercussions, including the risk of businesses abandoning the CBD and jeopardising the revival of North Sydneys office precinct. Stockland has pointed out that the proposed levy increase could make North Sydney less attractive for businesses, especially given the challenging market conditions and broader cost of living issues. Mirvac has also emphasised the negative impact on the commercial property market, which is already struggling with high vacancy rates post-COVID. The anticipated increase in office vacancy rates, coupled with the proposed rate hike, could lead to devastating results for retail businesses in the area. Furthermore, the councils plan to increase minimum rates for businesses from $715 to $1400 in 2025-26, and to $1800 in 2027-28, is excessive. The financial strain on businesses could hinder the development feasibility of significant projects, such as Stocklands $1.5 billion Affinity Place office tower and Lendleases $1.2 billion Victoria Cross Tower. It is also concerning that only 5 per cent of residents who responded to the councils survey supported the recommended option. This indicates a clear disconnect between the councils proposal and the communitys preferences. North Shore state MP Felicity Wilson and North Sydney Federal MP Kylea Tink have both criticised the plan, calling it extortionate and urging the council to reconsider. I urge the council to explore alternative solutions, such as smaller rate increases or asset sales, rather than imposing such a substantial financial burden on residents and businesses. It is crucial to balance the councils budgetary needs with the economic well-being of our community. By considering these points, North Sydney Council can seek more balanced and sustainable approaches to address its financial challenges without imposing excessive burdens on businesses and the community. Thank you for considering the concerns Im expressing on behalf of the landlords and tenants I represent. I hope the IPART will do their bit and take into account the significant opposition to this proposal and seek a more reasonable approach.

Special Variation and Minimum Rates applications – North Sydney Council

I am a resident ratepayer in the North Sydney local government area. I request that IPART decline North Sydney Council's applications for both (a) permanent special variation increases totalling 87% and (b) permanent minimum rate increases totalling more than 100% for the following reasons:

1. Criterion 1: Council's infrastructure assets backlog probably exceeds community expectations.
2. Criteria 2 and 4: Council did not maximise opportunities for community engagement.
3. Criterion 3: Council has not truly assessed ratepayers' capacity and willingness to pay.
4. Other: Council's financial position is improving relative to the 2025/26 budget.

If IPART believes that North Sydney Council needs a short-term funding boost, I suggest that IPART approve a temporary increase of both rates of no more than 15% (inclusive of the general rate peg). Council could then reapply next year after it has undertaken a proper review of its infrastructure assets backlog and consulted properly with the community.

1. Council's infrastructure assets backlog probably overstates the cost of upgrading condition 4 assets

For many years, Council (like most other Councils) has reported the estimated cost of bringing infrastructure assets to a satisfactory standard as the gross replacement cost of condition 5 (very poor) assets. Funding this cost allows condition 5 assets to be upgraded to condition 1 (excellent/very good).

As at 30 June 2023, the replacement cost of condition 5 assets was $31.9m (2.2% of $1455m).
As at 30 June 2024, the replacement cost of condition 5 assets had increased by around 40% to approximately $46m (2.9% of $1575m), which might reflect aging of Council's infrastructure assets and shortfalls in maintenance funding.

In addition to this significant increase in condition 5 assets, Council decided to include condition 4 (poor) assets in the infrastructure backlog calculation when preparing the unaudited 30 June 2024 report on infrastructure assets.

At 30 June 2023, the gross replacement cost of condition 4 assets was approximately $48m (3.3% x $1455m). At 30 June 2024, the gross replacement cost of condition 4 assets had more than doubled to approximately $101m (6.4% of $1575m). This produced the reported infrastructure backlog of $147m.

Funding the gross replacement cost would allow condition 4 assets to be upgraded to condition 1 (excellent/very good), three steps above the current level, which might exceed community expectaions.

Council should accelerate their planned consultation to find out the community's preferred level of service. An agreed standard of upgrading assets to condition 3 (satisfactory), one step above condition 4, might reduce the backlog by around $65m, and the annual funding requirement by at least $5m p.a.

(Appendix B contains a summary of Council's unaudited infrastructure assets reports.)

2. Council did not maximise opportunities for community engagement

Morrison Low submitted an SRV support proposal to the CFO on 5 August 2024. This was accepted by the CEO on 19 September 2024. These events occurred many weeks before a proposal for a special rate variation was released to the public (and Councillors) at the 25 November 2024 Council meeting.

Council did not maximise opportunities to provide educational insights into Council's short- and long-term financial situation, nor create awareness of a possible special rate variation prior to the consultation period. Even then, street advertising was minimal compared to other recent consultations.

And when community members raised concerns in various forums, there appeared to be little interest in understanding their concerns.

(Appendix A contains a table of some key dates that are relevant to the special rate applications.)

3. Council has not truly assessed ratepayers' capacity and willingness to pay

Council's Capacity to Pay Report reports that the average household in the LGA has net savings of nearly $40,000 per annum, compared to a cumulative special rate increase of around $900 p.a. The report concludes that there is a capacity to pay the proposed increase across all geographic groupings.

The report also shows that approximately 10% of households in the LGA have weekly income below $603 per week. A special rate increase would have a disproportionate impact on these households. Council's financial hardship policy currently only covers the impact of Valuer-General valuation increases, and only for one year, with applicants required to submit household incomes. This would be of little help.

Question 2 in Council's Your Say survey asked respondents to indicate their preferred funding option. The survey did not initially allow this question to be skipped. 56% of respondents chose the lowest option, with a further 24% skipping the question (once the survey had been modified). Only 20% chose one of the higher options.

Question 3 asked respondents whether they would prefer to spend 13.5% of future rates on new projects, services and initiatives. 78% said No. This shows that the 'wish list' approach used to develop Council's Informing Strategies documents was not aligned with ratepayers' willingness to pay.

4. Council's financial position is improving relative to the 2025/26 budget

Council has historically produced operating results before capital grants close to zero, in line with the Office of Local Government performance targets. However, Council's 2024/25 budget (adopted in June 2024) produced an operating result of -$8.3m (before capital grants), the second worst in 15 years.

When the Long-Term Financial Plan (on which the SRV application is based) was adopted, the expected operating result (before capital grants) had recovered slightly to -$6.5m.

Council's latest financial results show a further improvement with further expense savings possible. This suggests that the Long-Term Financial Plan is likely to be pessimistic.

(Appendix C shows how Council's 2024/25 budget has improved over the year.)

Appendix A – Key Dates

The following table sets out some key dates that are relevant to the current applications.

Date	Event	Key item
8/4/24	Ordinary Council meeting	• 2024/25 budget (draft)
24/6/24	Ordinary Council meeting	• 2024/25 budget adopted
5/8/24	Morrison Low proposal	• Sent to CFO
12/8/24	Ordinary Council meeting	• No financial matters in agenda
26/8/24	Ordinary Council meeting	• 2023/24 plan – 30/6/24 review
14/9/24	Local government elections	
19/9/24	Engagement of Morrison Low	• Approved by CEO
2/10/24	Declaration of results	
8/10/24	Extraordinary Council meeting	• Election of Mayor and Deputy Mayor
28/10/24	Ordinary Council meeting	• 30/6/24 financial statements (unaudited)
11/11/24	Draft Capacity to Pay Report	• Prepared by Morrison Low
11/11/24	Ordinary Council meeting	• No financial matters in agenda
25/11/24	Ordinary Council meeting	• 2023/24 Annual Report adopted • 30/6/24 financial statements adopted • 2024/25 budget – 30/9/24 review • SRV consultation approved
27/11/24	SRV consultation starts	
4/12/24	In-person community forum	• 23 attendees
9/12/24	Ordinary Council meeting	• 2024/25 plan – 30/9/24 review
16/12/24	Online community forum	• 167 attendees
24/12/24	Council offices close (12pm)	
2/1/25	Council offices reopen	
10/1/25	SRV consultation closes	
10/2/25	Ordinary Council meeting	• SRV application approved
24/2/25	Ordinary Council meeting	• 2024/25 budget – 31/12/24 review • 2024/24 plan – 31/12/24 review
24/3/25	Ordinary Council meeting	• Month-end financial report – 28/2/25

Appendix B – Infrastructure assets

The following table shows the unaudited infrastructure asset results in the financial statements (in $m).

Date	Asset class	Net carrying	Gross replacement	Condition 4*		Condition 5*	
30/6/24	Buildings	201.932	347.015	56.216	16.2%	13.187	3.8%
	Structures	0.971	1.146	-	-	-	-
	Roads	401.658	604.926	32.666	5.4%	3.025	0.5%
	Drainage	188.479	270.451	4.598	1.7%	25.693	9.5%
	Recreational	27.002	47.756	0.860	1.8%	0.096	0.2%
	Other	204.345	303.917	6.078	2.0%	5.167	1.7%
	Total	1024.387	1575.211	101.019	6.4%	45.775	2.9%
				+52.998		+13.870	
		Sub-par	146.794				
			+114.889				
30/6/23	Buildings	178.119	275.900	8.553	3.1%	0.276	0.1%
	Structures	0.985	1.147	-	-	-	-
	Roads	388.230	574.598	28.155	4.9%	1.149	0.2%
	Drainage	180.416	256.600	4.362	1.7%	25.147	9.8%
	Recreational	27.883	46.954	0.892	1.9%	0.094	0.2%
	Other	204.495	299.972	5.999	2.0%	5.100	1.7%
	Total	980.128	1455.171	48.021	3.3%	31.905	2.2%
				-14.336		-1.819	
		Sub-par	31.905				
			-1.819				
30/6/22	Buildings	148.655	244.407	2.933	1.2%	0.733	0.3%
	Structures	0.998	1.146	-	-	-	-
	Roads	365.834	511.847	26.104	5.1%	2.047	0.4%
	Drainage	165.045	233.297	4.199	1.8%	23.096	9.9%
	Recreational	22.269	38.554	0.810	2.1%	0.089	0.2%
	Other	138.863	269.849	28.334	10.5%	7.826	2.9%
	Total	841.664	1299.100	62.357	4.8%	33.724	2.6%
		Sub-par	33.724				

* totals do not align with individual results due to calculation from published percentages

Appendix C – 2025/26 Financial Results

The following table show NSC's emerging financial results for 2025/26 (in $m).

	Approved budget (24/6/24)	Revised budget (25/11/24)	Projected result (25/11/24)	Latest Budget (24/3/25)
Rates	61.051	61.051	61.051	62.080
Annual charges	18.015	18.015	18.015	18.247
User charges	36.774	36.774	33.803	31.803
Other revenue	10.216	10.216	10.292	10.592
Other income	5.887	5.887	5.887	5.887
Investment revenue	2.665	2.665	3.165	4.165
Grants – operating	4.666	4.696	5.027	5.802
Grants – capital	3.058	3.981	9.878	9.683
Total income	142.332	143.285	147.118	148.260
Employee benefits/on-costs	-55.651	-55.651	-54.406	-53.336
Materials and services	-53.337	-53.549	-53.076	-54.320
Borrowing costs	-2.382	-2.382	-2.382	-2.537
Depreciation/amortisation	-31.095	-31.095	-28.795	-28.795
Other expenses	-4.783	-4.783	-4.783	-4.783
Loss on asset disposal	-0.277	-0.277	-0.277	-0.277
Total expenses	-147.525	-147.737	-143.719	-144.048
Operating result	-5.193	-4.452	3.399	4.212
Before capital grants	-8.251	-8.433	-6.479	-5.471
Variance from approved budget		+0.182	+1.954	+2.780

Author name: Name suppressed

Date of submission: Monday, 24 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I Strongly object to the outrageous Special Levy proposed by NSC of 87%. No consideration whatsoever has been given to the thousands of objections to this proposal. Several highly qualified people gave examples of Council finances (at the 10th Feb 25 meeting) that proves beyond doubt that this grab is totally unreasonable. There are funds that could be utilised. We are going through tough financial times, to try extract an increase 87% is ludicrous and in many cases impossible. I am not aware why they need such an increase, no need for such a vulgar amount of income in the next year. Perhaps a review of a) the number of staff they employ and b) the ridiculous salaries they receive should be instigated. Also, I would like to know why the Council need a tobacco shop in Milsons Point? Lets sell some assets, to raise some funds. Perhaps a raise in line with inflation would be more palatable, at the most. We have not been given explanations, just a fait accompli at the meeting. Zoe Baker was not in control, sat with her head in her hands, looking bored, knowing full well this was already a done deal. She did not listen at all. She was not interested. It was an utter disgraceful display, of petulant behaviour. I am aghast as to how on earth an increase of anything over the cost of inflation could be even discussed. Please consider the amount of single, retired and elderly people who have lived in this area all their lives and just do not have these funds available to them. Many examples of this were evident at the meeting. I was lucky enough to attend that meeting, in the minute room strategically organised by Council, denying the majority of people attending access. Disgraceful, smirking behaviour of the Council. They should all be sacked. NOW. If the swimming pool has blown out, then sell the advertising space to raise funds. Again, this was proven to solve most of the financial problems. Sell the space to other Councils. It is well known that the majority of users of the pool do not even live in NS area, why should we pay for shocking mismanagement and other council dwellers to use it???? I am not sure why we, as rate payers are expected to be stung with a raise of 87% due to the lack of financial control by the inept dealings of Council members. They are clearly not qualified. So, I am not surprised they are holding back on telling us what funds they can actually put their hands on right now, to clear their backlog, without destroying the rate payers financially. We deserve FULL financial disclosure. If several, financially qualified, Rate payers at the meeting had complete disclosure on paper, to prove financial facts, then surely this has to be looked at by you, please. I implore you to make an increase of no more than the cost of living rises. Thank you

Author name: Name suppressed

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The request by Council to increase our rates by the amounts stated is outrageous and not acceptable. They should be forced to rethink their priorities and present us with a far less outrageous request. The Olympic Pool overrun should be paid for by the sale of Council Assets. For Example, Luxury apartments, office space and retail stores owned by Council should be sold to pay for the Olympic Pool overrun. Presumably if these properties were bought to put money aside for a rainy day, then Council has apparently arrived at its rainy day. Business rates are far too low. It is reasonable to shift some of the burden to businesses seeing that rate rises for businesses are fully tax deductible. Perhaps all residential properties that are "investment" properties can also take on more of the rate rises, once again because their owners can obtain tax concessions for their investment properties. As we all know, ordinary property owners are not entitled to any tax deduction for the amount they pay in rates, thus are unfairly burdened by the proposed rate increases. We have yet to understand how Council could have gone from functioning within their means, to a crisis that involves such huge rate increases. Why have we got a sudden "crisis"? What has been hidden from us and how has our money been so mismanaged that we have landed up in this financial mess. The "consultation" process was sudden and clearly not open, we were not given much of a choice. There appears to be a lot of secrecy as to why we have landed up in this financial mess. I believe that an open independent inquiry should be held into what is going on and who is responsible for this mess. Perhaps even an independent administrator appointed to manage Council until the independent inquiry completes its work.

Author name: Name suppressed

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I was convinced North Sydney was a premium area, there are aging community facilities that need revitalisation. A big boost to council funding means catching up with new buildings operations in the area, roads and gutters, pedestrian crossings, sitting areas like north point at miller st, the park on the harbour in Kirribilli, the library and community centre, the oval. All need or needed money. Asking for a relatively small amount of money in this community should be fine. If the money is spent unwisely that is a problem, and the pool fiasco is a problem. They should get someone competent to fix it. If it matters Im a fan of keeping the cheeks covered.

Author name: Name suppressed

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Please consider my thoughtful response to your assessment criteria for the Special Rate Variation (SRV) approval for North Sydney Council. As it stands, Council has only considered the option of a recurring rate increase to solve a non-recurring one-off overspend (the pool). This is a breach of community trust and a warning signal on financial competency; making it risky to gift Council custody of further monies. Plus, the sheer level of the rate increase is disproportionate to the community ability to offset the impost through any mechanism which might be available to them. This is particularly galling for the elderly - encouraged to stay in their home (by the Federal Govt) - yet now - the new Council rates will be beyond their means and it will unfairly force sale of personal assets. See below a response to each of your assessment criteria: 1. demonstrated need for the additional income - ONE OFF OVERSPEND CANNOT BE FUNDED WITH RECURRING INCOME - I understand the need to deal with the overspend on the pool. Unfortunate. But it is a non-recurring cost. - The 'fix' should not be funded with a recurring rate rise. - Under the mantra of 'never waste a crisis' it appears Council has sought to use the event to fund other passion projects at this time of wider austerity in the community - quite out of touch. - COMMENT: Truly a case where Council says "We have made plans beyond the pool, here's what you need to pay"...where else does that occur in life? .-SOLUTION: Fund the pool fix with a one-off or special levy or higher user fees once complete. 2. evidence of community awareness and engagement - STAGE MANAGED - Community was provided with a list of options over which were not easily decipherable (even as a finance professional); all options were recurring, and therefore 2024 thru 10 January 2025) what appears to be a 1.5mth process, is lucky to have been half that time for many people who had already made commitments over that period. - this disingenuous approach has meant that only now that the realty of an impost of 87% rate rise has the realty struck. 3. that impact on ratepayers is reasonable - NO, it far exceeds any citizen capacity to increase their own income inside a 2yr period to offset - a significant number of residents are have assets but are cash poor and now face significant life decisions now; it is not for North Sydney Council to set a rate rise to meet their passion projects and force properties sales and a financially driven exodus from the municipality. 4. Council's productivity improvements and cost containment strategies. SCANT to NIL - Councils narrative on savings leans heavily on efforts made previously & pre-the Special Rate Variation (SRV) - past efforts (e.g., a 2023 restructure) and promises of future stability rather than quantifying specific new savings for 2025; nor is there demonstrable evidence Council has held onto past savings - no additional concrete savings targets were explicitly promised post-2025

Author name: Name suppressed

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
North Sydney Council has not demonstrated that it has reduced ineffective and inappropriate spending before applying to increase rates. For example, they spend money opposing State government initiatives to improve cycling. This is political rather than service delivery. We also cannot afford such a massive increase in rates which is not justified by the costs of completing the swimming pool. The consultation by Council was a sham. The public meeting was held in a council chamber rather than a nearby school hall so the large majority of people were turned away. I ask IPARt to defend us from an extremist Council. The strong view of the public meeting was that an administrator should be brought in to bring the council back to financial stability.

Author name: Name suppressed

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Response to North Sydney Council SRV As a resident and rate payer in North Sydney Council I am appalled by the Councils flawed Special Rate Variation [SRV] proposal to increase residential rates from 50% to 75% in 2025, [depending on the SRV option] with additional increases over the following three years up to a total from 65.38% to 111.2% [depending on the SRV option]. Whilst the SRV is driven by the cost overrun in the redevelopment of the North Sydney Olympic pool, it appears to include funding for other long life assets, such as North Sydney Oval . The Olympic pool, and North Sydney Oval are iconic long life assets whose benefits will endure over their life. A redevelopment funding proposal should also be long term, so that the funding costs can be matched, as best as possible, against the future benefits. In this way all ratepayers, current and future, would share in the overall benefits and costs of development. It appears that the SRV and the Councils Asset Management Strategy [2025-2035] have not appropriately considered long term debt funding alternatives. Sales of Council owned assets and increases in business rates also should be considered as alternatives to the proposed SRV, or as additions to a long term debt funding option. Critical is the inequitable treatment of current ratepayers in the proposed SRV. I therefore reject the councils proposed SRV as being not in the best interests of North Sydney Councils current ratepayers. I urge Council to consider all funding options, and the equitable treatment of ratepayers in a revised SRV. [redacted]

Author name: Name suppressed

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I have been a resident of north sydney for 30 years - in [redacted] (nearly 17 years). I understand that rates may increase over time and I accept that, but an 87% increase is unreasonable and ill-conceived. That the council wants surplus to start new projects is irresponsible. The revenue raised through rates should go to services and maintenance. At a stretch it should contribute to the new pool but as its not an exclusive facility for the LGA we shouldnt be left to pay for poor contract negotiation and cost blow outs. I am against the 87% rate rise and believe the rate rise should align to cost of living increases benchmarked against the rest of the state. [redacted]

Author name: Name suppressed

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Many ratepayers in this area are already struggling with increased cost of living. More than 0 will seriously have to consider relocating as a direct result of this rate rise if approved. Why should we pay 80% more over the next 2 years at the worst possible time of the economic cycle in order to retroactively fund vanity projects like Olympic swimming pools which were not appropriately audited before demolition and construction began? Most people didn't use and most people won't use it. Sell the land. Sell other bits of land. Increase and bring back ticket prices for non North Sydney residents to things like NYE fireworks. I don't like these ideas but they're more palatable than handing over more money to a council which has a poor track record in many areas. More pragmatically, at least spread the rate rise over the next 5 years as the proposal is to raise it significantly very soon before letting it level out again in years 3-5 as far s I can tell.

Author name: Name suppressed

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I am of the view that Council has not been fiscally responsible to date and continues to spend beyond its means. I am concerned at the lack of accountability for previous excesses including "study tours" by previous mayors to Europe to research pedestrian malls and the like. I consider it utterly unacceptable that rate payers are now being expected to bail out Council for these shortcomings. I consider that proposed changes do not include the option to cut back on spending and "live within means". Council does not appear to have considered sale of assets and other revenue raising measures. All up I am of the view that none of the options tested with ratepayers was entirely satisfactory. The preferred option of "future growth" is particularly hamfisted at a time of cost of living pressures and no guarantee that council has attempted to learn from previous mistakes. The direction led by council at community forums tended to be misleading in that the elephant in the room - blow up of costs and mismanagement of North Sydney pool - was minimised/not raised. Instead Council tried to pitch a future focus which was unconvincing and misleading. All up the majority preference is to minimise increase in rates at this point in time and consider sale of assets and other reasonable measures. Council has been arrogant in its handling of interface with the North Sydney community and consultation has been tokenistic and arrogant. Council staff and members have not attempted to take on board genuine concerns and alternatives floated in discussions. I find Council's assertion that ratepayers will be able to meet increases in rates without financial hardship concerning. Council appears to be hell bent on continuing down the path of looking after the interests of staff and councillors at the expense of rate payers. There has been a lot of expensive spin involved in the consultation process - glossy brochures singing the praises of council's achievements and failing to acknowledge that mismangement and lack of accountability have put council in this situation. The attitude of council and their persistence in pursuing rate rises without community support and without looking in their own back yard for solutions like cost cutting and sale of assets shows they have not learned from the past and will continue to live beyond their means and mismanage vanity projects that they should not have taken on in the first place. The rate rise should not be approved in its current form.

Author name: Name suppressed

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The council needs to be focusing on roads, rates, rubbish. If they can't do that within the current budget, they should be sacked. We are in a cost of living crisis, we can't afford more expenses.

Author name: Name suppressed

Date of submission: Tuesday, 25 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Dear IPART, As a North Sydney ratepayer, I endorse the proposed Special Rate Variation (SRV) and urge the Independent Pricing and Regulatory Tribunal (IPART) to approve North Sydney Councils application. The Councils Long-Term Financial Plan (LTFP) outlines a critical path to financial sustainability, addressing systemic challenges that threaten service delivery, infrastructure quality, and intergenerational equity. 1. Addressing Critical Infrastructure Backlogs North Sydneys infrastructure is ageing rapidly, with 62.32% of buildings rated below a good standard and $146.8 million required to restore assets to a satisfactory condition (LTFP Part 2). The development of the North Sydney Olympic Pool alone has exacerbated financial strain, adding $51 million in debt and $2.3 million in annual depreciation. Without the SRV, North Sydney Council cannot fund essential renewals of assets, risking services disruptions and safety hazards. The LTFP prioritises reducing the infrastructure backlog ratio by $15 million annually (indexed), allocated to renew roads, footpaths, and community facilities, safeguarding public safety and service standards. 2. Reducing Unsustainable Debt North Sydney Councils debt stands at $50.6 million, largely due to the Olympic Pool project, with $6 million in annual repayments. Without intervention, debt servicing costs will divert funds from critical services. The SRV enables a 70% debt reduction over 10 years (LTFP Objective 6), freeing cash flow for infrastructure and community programs. 3. Equitable and Transparent Rating Structure The currently system is inequitable: 77% of residents pay the minimum rate ($715), which fails to reflect service costs or population growth. By raising minimum rates to $1,300 (residential) and $1,400 (business) and integrating levies into ordinary rates, the SRV aligns contributions with benefits. Residents currently pay 90% of levies but receive only 60% of services; the reformed structure ensures a fair 60/40 split. This simplification also reduces administrative complexity, improving fiscal accountability. 4. Ensuring Financial Sustainability North Sydney Council faces a $6.5 million annual operating deficit, driven by declining revenues from parking, fines, and advertising (down $9.9 million since 2019). The SRV stabilises revenue, and critically the own source operating revenue ratio rises from 92% to 95% reducing reliance on volatile income streams. This aligns with IPARTs definition of financial sustainability: generating sufficient funds to meet community agreed service levels. 5. Supporting Population Growth and Housing Demands North Sydneys population is growing, with a target of 5,900 new homes by 2029. Each new dwelling currently contributes only $715 in rates, but the SRVs increased minimum rate ensures revenue keeps pace with development. For example, 5,900 new dwellings would generate $7.67 million annually under the SRV, versus $4.2 million today. This funds infrastructure for denser communities, such as upgraded parks, transport links, and stormwater systems outlined in the LTFPs Integrated Transport and Housing Strategies. 6. Compliance with Financial Governance Principles The SRV aligns with IPARTs legislated principles of sound financial management (Section 8B, LG Act 1993). It achieves intergenerational equity by addressing backlogs now rather than passing costs to future residents. It also ensures responsible spending by funding governance reforms, including $2.59 million for process improvements and system upgrades to mitigate risks like the Olympic Pool overspend. The LTFPs sensitivity analysis highlights extreme risks without the SRV, including liquidity crises and service cuts. Approval of the SRV is the only viable path to meet IPARTs benchmarks for cash reserves, debt ratios, and renewal targets. North Sydney Councils SRV is not merely a rate increase but a necessary corrective measure to resolve long term structural deficits, modernise infrastructure, and uphold service quality. The LTFPs community-informed strategiesdeveloped through workshops, surveys, and expert panelsreflect a shared vision for a sustainable future. Without the SRV, the Councils infrastructure backlog will worsen, debt will balloon, and residents will face deteriorating amenities. I urge IPART to approve this application to secure North Sydneys legacy as a vibrant, equitable, and resilient community.

Independent Pricing and Regulatory Tribunal

2-24 Rawson Place,

SYDNEY NSW 2000

26/02/2025

Dear IPART,

As a North Sydney ratepayer, I endorse the proposed Special Rate Variation (SRV) and urge the Independent Pricing and Regulatory Tribunal (IPART) to approve North Sydney Council's application. The Council's Long-Term Financial Plan (LTFP) outlines a critical path to financial sustainability, addressing systemic challenges that threaten service delivery, infrastructure quality, and intergenerational equity.

1. Addressing Critical Infrastructure Backlogs

North Sydney's infrastructure is ageing rapidly, with 62.32% of buildings rated below a "good" standard and $146.8 million required to restore assets to a "satisfactory" condition (LTFP Part 2). The development of the North Sydney Olympic Pool alone has exacerbated financial strain, adding $51 million in debt and $2.3 million in annual depreciation. Without the SRV, North Sydney Council cannot fund essential renewals of assets, risking services disruptions and safety hazards. The LTFP prioritises reducing the infrastructure backlog ratio by $15 million annually (indexed), allocated to renew roads, footpaths, and community facilities, safeguarding public safety and service standards.

2. Reducing Unsustainable Debt

North Sydney Council's debt stands at $50.6 million, largely due to the Olympic Pool project, with $6 million in annual repayments. Without intervention, debt servicing costs will divert funds from critical services. The SRV enables a 70% debt reduction over 10 years (LTFP Objective 6), freeing cash flow for infrastructure and community programs.

3. Equitable and Transparent Rating Structure

The currently system is inequitable: 77% of residents pay the minimum rate ($715), which fails to reflect service costs or population growth. By raising minimum rates to $1,300 (residential) and $1,400 (business) and integrating levies into ordinary rates, the SRV aligns contributions with benefits. Residents currently pay 90% of levies but receive only 60% of services; the reformed structure ensures a fair 60/40 split. This simplification also reduces administrative complexity, improving fiscal accountability.

4. Ensuring Financial Sustainability

North Sydney Council faces a $6.5 million annual operating deficit, driven by declining revenues from parking, fines, and advertising (down $9.9 million since 2019). The SRV stabilises revenue, and critically the “own source operating revenue ratio” rises from 92% to 95% reducing reliance on volatile income streams. This aligns with IPART’s definition of financial sustainability: generating sufficient funds to meet community agreed service levels.

5. Supporting Population Growth and Housing Demands

North Sydney’s population is growing, with a target of 5,900 new homes by 2029. Each new dwelling currently contributes only $715 in rates, but the SRV’s increased minimum rate ensures revenue keeps pace with development. For example, 5,900 new dwellings would generate $7.67 million annually under the SRV, versus $4.2 million today. This funds infrastructure for denser communities, such as upgraded parks, transport links, and stormwater systems outlined in the LTFP’s Integrated Transport and Housing Strategies.

6. Compliance with Financial Governance Principles

The SRV aligns with IPART’s legislated principles of sound financial management (Section 8B, LG Act 1993). It achieves intergenerational equity by addressing backlogs now rather than passing costs to future residents. It also ensures responsible spending by funding governance reforms, including $2.59 million for process improvements and system upgrades to mitigate risks like the Olympic Pool overspend. The LTFP’s sensitivity analysis highlights “extreme” risks without the SRV, including liquidity crises and service cuts. Approval of the SRV is the only viable path to meet IPART’s benchmarks for cash reserves, debt ratios, and renewal targets.

North Sydney Council’s SRV is not merely a rate increase but a necessary corrective measure to resolve long term structural deficits, modernise infrastructure, and uphold service quality. The LTFP’s community-informed strategies—developed through workshops, surveys, and expert panels—reflect a shared vision for a sustainable future. Without the SRV, the Council’s infrastructure backlog will worsen, debt will balloon, and residents will face deteriorating amenities. I urge IPART to approve this application to secure North Sydney’s legacy as a vibrant, equitable, and resilient community.

Sincerely,

[redacted]

Author name: Name suppressed

Date of submission: Wednesday, 26 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
To whom it concerns: It is simply unacceptable for a sole provider - a monopoly - such as the North Sydney Council to impose increases in rates at the level proposed. It takes no account of pensioners - like me - unable to respond financially to accommodate the increase. Arguably, that rate of increase also reflects bad planning or bad management at the Council. Increasing rates simply brushes off this shortcoming and pretends that it doesn't matter. It's not on. [redacted]

Author name: Name suppressed

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I have been living in a small cottage in North Sydney for over 30 years and never had anything like this happening before I am on a full CentreLink pension and this rate rise seems totally over the top Bad financial management should not be loaded onto the backs of rate payers Especially not at times when living costs are going through the roof This is outrageous and totally unacceptable

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Far too expensive and they should have a smaller amount as per the survey. They should take loans from the state and federal government. Rates should go up only a few %

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If the increase proposed by the North Sydney Council if approved, this will not only place a huge amount of financial stress on myself, it will to others too. I'm an owner and rate payer in a single income household and cannot afford such an increase. I'm already just keeping afloat as it is and such a huge rate rise would ultimately result in me having to seriously consider selling as my income is limited due to multiple personal circumstances. I do hope IPART supports the community by not allowing the proposed rate rise.

Author name: Name suppressed

Date of submission: Thursday, 27 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
1. The Council hasn't explained what other options they have considered, and seemingly rejected, to an 87% rate increase. Options could include existing budget cuts, selling assets, and extending the time frame for income increases. 2. The Council hasn't contacted me in any way, by email, or letter to explain what they plan in efficiencies and cost reduction strategies. 3. There is insufficient detail. The Council cites the Pool cost as the primary factor contributing to their financial difficulties, however Councillor James Spencely has indicated only 10% of the proposed rate increase is due to Pool cost overruns. 4. The exact budget shortfall has not been specified, The Council should explore alternative solutions such as cost savings, partnership deals, and asset sales.

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Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The North Sydney Council ignored the results of a survey of ratepayers which indicated only 5% support for a rate adjustment of this magnitude. The right place to determine the appropriateness of this change is at a Council election not via IPART. The need for this change is only due to Council mismanagement of the upgrade of Nth Sydney pool which few ratepayers actually use. But for this mismanagement there would be no need to raise rates this high - a more modest rate hike to cover inflation would be appropriate. As it is, Council should be required to fix their mismanagement by other means eg charging private schools for the land they occupy and / or seeking philanthropy if they consider completion of the pool appropriate. There are other options available apart from increasing rates. Council had also presented a knowingly false choice to ratepayers. Maintaining standard services as they are today is not dependent on an 87% increase in rates. A modest rate hike only is justified in line with the ratepayer survey. Further projected population density increases in Nth Sydney will drive higher revenues to Council over the next 10 years. Plenty of revenue to cover standard services. Council should be forced to work through their pool issue through other means including suspending works, slowly the renovation so they can afford it over time or funding other ways to fund it. They should not be rewarded for mismanagement because there is no underlying operating cost (excluding abnormals) need for this level of rate increase. Holding a new election is the best way for the community to change Council and introduce fiscally responsible management. This would be facilitated by IPART sanctioning only a modest increase in rates say 10%.

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There is no justification for such an enormous increase. The North Sydney Pool Project has been cited as a driving reason and requiring another $50M (one-off), while the rate increase will raise over 10 x that amount (ongoing). Rate revenue in the North Sydney LGA has increased exponentially in the 30 years I have been living here due to the massive increase in apartments - i.e. higher density living. While I obviously understand that costs for everything have increased, I am not at all convinced that NSC expenses have increased in line with their current rate revenue, or their purported future needs. I understand that many of our properties in the area are exempt from paying rates (schools, churches etc). If this is true, then it is surely time for our PRIVATE schools to pay rates. (on schools, it is high time that North Sydney Girls and Boys high schools were returned to the community (i.e. were no longer selective schools). I am very angry about what appears to be a 'money grab' by a council who have failed to provide basic services (such as school placements in line with apartment approvals) in their ever-growing population of young families. Who, by the way, are not 'rich north shore residents', but merely families in apartments trying to stay within reasonable travel distance of workplaces. (personally, we raised a family of 5 in a 2 bedroom apartment, and like many families we are struggling with the cost of living increases, and such a significant rate rise is just another unaffordable bill to add to the list). I would implore IPART to do a deep dive into where all the money is going now (and for the last several years), and make council account for their fiscal responsibility going forward.

Author name: Name suppressed

Date of submission: Friday, 28 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I have a rental unit with a tenant who has 3 children. The rent is not covering my costs. I will have to put up his rent causing hardship. There are many people including pensioners and other people on low wages and fixed incomes who cannot afford this rate hike. At least consider concessions for needy people. Why do the residents of North Sydney have to pay for the pool blow out caused by mismanagement by the previous conservative council? Many of us do not use the pool. There are other ways to raise money as outlined by James Spenceley. I am very worried about the expense of a near doubling of my rates especially as I am considering retirement. I would like to see a reduction in the increase. 50% increase is a lot but more acceptable and manageable than 87%.

To whom it my concern.

Thank you for the possibility of providing **my feedback & to express my anger** about the rate rise for the residents of the Council of North Sydney.

A bit about me:

- I am 79 years old
- I have lived in [redacted] & I fear I may not be able to continue to do so with these rate rises
- I am a self-funded retiree, and have never asked for any assistance from the Australian or any local Government over the years

I am so angry and disappointed as I feel that I am being penalized for living in Kirribilli, being a good citizen and neighbour **who has never asked for any support** in regards to tax benefits, health assistance, pensioner assistant, council assistance. I have always paid my own way 100% out of my own superannuation fund and I am never in arrears of any of my rates.

The income I generate to live on from my superannuation fund certainly does not increase by 87%, therefore **I will be financially penalized for the constant mismanagement of the Council of North Sydney**, which has resulted in this mess.
I find that the Council of North Sydney needs to take into consideration where the majority of the foot print is – not just land size, but the services this requires – such as all the schools and private schools in this neighbourhood that keep on expanding & taking up further services, geographical foot print, create more traffic both in vehicles and people who have no respect for local residents. In addition all the businesses that are in our electorate and through their construction remove basis necessities from its residents, they all need contribute significantly more in rates than local residents.
The Council of North Shore has not taken into consideration the needs & restrictions of retirees, pensioners etc who live in the area & who do not have a regular paid income, this group of people, such as myself have called this part of Sydney home for a long time and with their mismanagement will drive us out of this suburb.
There are a list of projects that are mismanaged, not finalized and show an explosion of costs – in any normal business all those people involved would loose their jobs for this mismanagement. Projects such as:

- Milsons point swimming pool (the time it has taken, the cost blow out)
- Bicycle ways, which are hardly used. They take away parking, create chaos on the streets and yet there is no patrol to ensure bike riders actually use them and not the street, you cannot have it both ways – demand that there are cycle ways and remove the streets from the residents and then they are not used
- New parking pay stations, on every street and different lanes at different stations, no grace period for short term parking like in Cremorne or the Innerwest for 30 minutes at a time (this is needed for residents who go to doctors, vets, groceries, post office, banks etc)
- Parking in Miller Street has been replaced with flower pots, tables & chairs which are mainly used by all the workers in the high rise building that is being built, not by the residents, this is where we used to stop for banks (the only ones left in the area) and a supermarket now there is no place for us to park to quickly deal with life necessities, unless we park in one of the car parks with outrages fees

- Schools in Kirribilli such as St Aloysius College and Loretto Kirribilli are getting bigger and bigger. For pick ups and drop off in the morning & afternoon the streets are blocked with cars, and we as residents can hardly get in and out of our streets – all these children and their families do not live in our area, yet they create traffic jams, restrict the residence from using the streets or pathways and they do not pay any council rates

I believe, **enough is enough. I have not seen the Council of North Sydney consider the elderly in any of their planning or development** of the suburbs or now with this rate rise. It is enough! In my building there are many elderly, I am sure there are many throughout Kirribilli. I know I am not alone in my thoughts.

Here is a reality check – us the elderly, we cannot use a bicycle to get our shopping or go about our lives, we cannot carry our shopping bags from bus, ferry or train stations. We need walk ways that are even and well maintained so we do not fall, we need walk ways that are not filled with hired bikes or constantly closed off as some school is renovating. We need proper street lights to be able to see where we walk or drive, as in winter time the lights are not sufficient (I wrote to the Council about this 5 years ago, the response was they will get to it. Well we are still waiting) and we need roads to park on for our daily activities such as doctor visits, vet visits, banks, groceries, post office – a bicycle will not work for our age group! And we cannot afford an 87% rate increase, regardless how the council try's to justify this, we budget our daily expenses to ensure we have enough to live on to the end of our life, please explain to us where anyone would be planning an 87% increase to their living expenses.

If the council insists on raising its rates at such outrages amounts – then provide the services and the safety of the suburb for us, the elderly & retires. Engage with us, find out what really matters to us and start managing the council effectively that includes taking responsibility for their miss management over the years. This is not the responsibility of local residents that have done everything right over the years.

Thank you for reading

[redacted]

Author name: Name suppressed

Date of submission: Friday, 28 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I write in support of North Sydney Council's request for an increase in the minimum rate. I am a senior Australian and have lived most of my life in Mosman. I have long been aware that North Sydney had a lower rate than Mosman. [redacted] years ago I moved to [redacted], that is, across the border into North Sydney. I was immediately pleased with both the substantially lower rates and the increased services provided. Of particular assistance are the fortnightly greenwaste and bulk waste collections and the regular mowing of nature strips. Of additional significance is the broad range of services for all ages provided by the network of community centres across the municipality. Mosman offers nothing comparable. I now understand that North Sydney's rate is relatively low for the whole of Sydney. Inflationary pressures and poor management by the Council of the unnecessarily major renovation of North Sydney pool lead me to be believe that a rate increase is prudent, fair and necessary for the Council to maintain services for future residents.

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Date of submission: Friday, 28 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
I strongly oppose the rate rise. Council claims the rate rise is to cover the cost overrun of the pool which is at least $50m over budget, however the proposed rate increase is so excessive that it would recover the entire project in not much more than a year or two. It is unnecessary for current rate payers to pay the majority of the pool upfront. There is no reason why Council could not undertake low-interest government loans and service the loan using the expected millions in revenue Council has forecasted the pool will generate. In addition, Council plans to increase spending by $20m next financial year, largely on salaries and new projects including the upfront payment for the North Sydney Oval upgrade. Using debt for these projects is entirely reasonable. Lastly Council has significant commercial investment properties which it could reduce/sell to reduce or eliminate the need for this rate increase. The continuous rising cost of living pressures is adversely impacting families and residents of North Sydney and given Council has other means to raise funds, I strongly oppose this excessive rate rise.

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Date of submission: Friday, 28 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The increase sought by North Sydney Council is outrageous particularly in a difficult economic environment where we pay high interest rate on borrowings and live with high inflation. The Council should be sacked for years of financial mismanagement and acts of grandiose such as the Pool rebuild used by a very small minority of residents. Monies collected from parking fines is increasing and it doesnt benefit rate payers. Its job of considering development applications to improve neighbourhood is mired in controversy requiring State Government intervention.

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Date of submission: Friday, 28 February 2025

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This is an irresponsible and unprecedented increase. This all comes from fixing a pool. I think there are asset sales and salary revisions instead of penalising residents. Its going to be impossible not to leave the area with this new financial burden

Author name: Name suppressed

Date of submission: Friday, 28 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
The North Sydney Council has demonstrated a breathtaking level of incompetence in the redevelopment of the North Sydney Olympic Swimming Pool. The contractor was chosen and works start before the scope of works was ever agreed. Sheer incompetence! This has created a financial crisis which the Council now seeks to resolve by a financial burden on ratepayers. The well publicised 87% increase relates to lifting the minimum rate on apartments from about $700 to $1300. I am in favour of all property owners and their tenants bearing the cost of infrastructure and services on a user pay basis. This change should have happened years ago and did not, because apartment owners are the majority of voters in North Sydney, and any such proposal would have been voted down. The Council is now bravely seeking to correct this imbalance. This submission to IPART enables this change to proceed if IPART approves. My wife and I own a free standing house, and we have no idea how our rates will change. Our rates in 2013 were $1,976, and in 2024 were $4,478. This is a compound increase of 7.7% whilst Apartment owners have had very much less significant rate of growth. If the apartment rate in 2013 was $600 and is now $700 that is 1.3% compound growth. If it will now be $1300, that is a compound rate of growth of 7.3%. ie the rate proposal is a catch up with other property owners. There is no 'catch up' on income foregone from 2013 to 2024. That burden has fallen on Commercial Property Owners and owners of houses other than apartments. This is an argument for the increase on the commercial and home owners being constrained rather than suffering the same massive increase as owners of Apartments. Based on RBA statistics the annual rate of Consumer Price Inflation from 2013 to 2024 was 2.8%. The increase in my rates is 2.75 times the CPI. I am not getting any more services or benefits for this massive compounding of cost. I am a retired executive, the pension from my employer grows at the rate of inflation. The council MUST look to asset sales, and overhead cost reduction as part of its plan to address the financial crisis it finds itself in. For example the council owns housing, and car parks that are saleable. There may be protests at selling subsidised lower income housing, but I say it is not the responsibility of rate payers to bear this burden. This is a state government responsibility. The Council can also sweat its infrastructure assets harder, and manage its capital budget more tightly. I suspect there is a substantial ambit claim in the council submission to IPART for capital works that could be better staged managed. Please ensure the potholes are managed, and not left as a demonstration of council's impecunious state, as occurred on the Central Coast. I draw IPART's attention to another example of North Sydney profligacy. They invested heavily in the Coal Loader project which has a relative small number of users. This in my view was a poor investment decision and reflects the way the Council has pursued its own pet projects without understanding the burden on rate payers. Pricing for services provided to non residents should be managed so that they share the burden of using North Sydney infrastructure, such as the new pool and street parking. As an example, the Mosman Council charges me a hefty parking fee to park at Balmoral, whilst the local residents pay a much lower fee. In summary, 1. I am in favour of the 87% increase in apartment rates. 2. I would like the rates of home owners to be capped at the rate of CPI and not increase by more than CPI in this Council proposal. 3. I would like to know what I can expect my rates to increase by. 4. I would like the burden of resolving the North Sydney financial crisis to be shared by the council selling assets, and reducing its claims for infrastructure investment. 5. I would like council to refer all major investment decisions to ratepayer decision on an annual basis. 6. I would like all major expenditure to be properly risk managed by a competent authority outside of Council. Thank you for the opportunity to make a submission.

Author name: Name suppressed

Date of submission: Friday, 28 February 2025

Please write your submission below. (Before starting, please ensure that you have chosen the correct council from the dropdown list of councils, at the very top).
Please do not let this increase occur. It is a major financial burden and I do not believe it is justified. It is out of proportion and really affects us. The council should investigate cuts and even cease the pool project until the books are balanced rather than cause undue suffering to northern Sydneys residents.