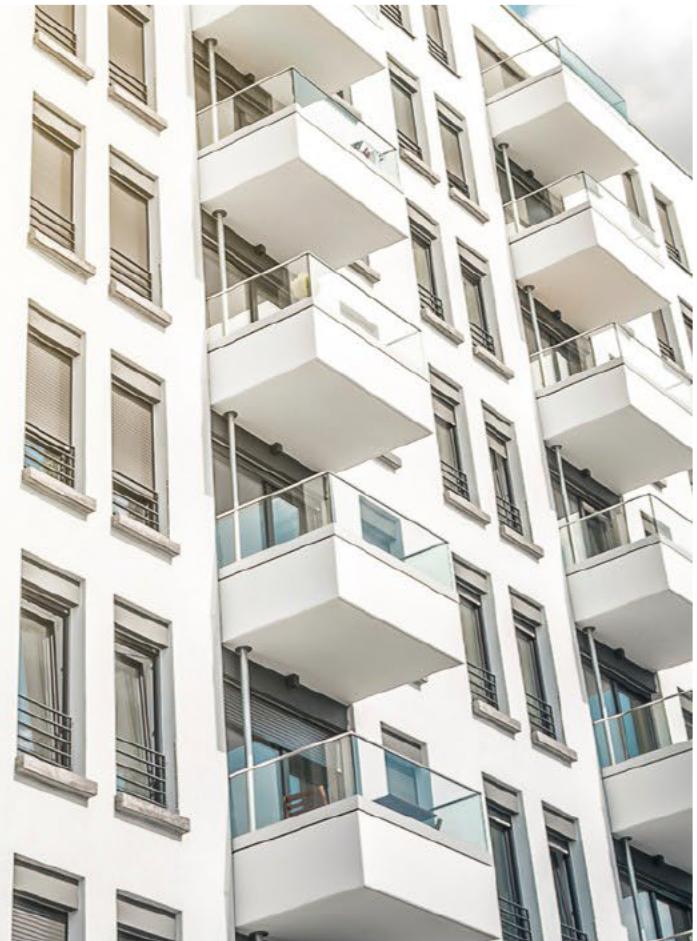


Minimum Rate Increase  
Application Form Part B

## Application Form

2026-27

 [Local Government >>](#)



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## Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

## Contact details

Enquiries regarding this document should be directed to a staff member:  
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## The Independent Pricing and Regulatory Tribunal

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from [IPART's website](#).

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## Council information

<b>Council name</b>	North Sydney Council
<b>Date submitted to IPART</b>	02/02/2026

## 1 About this Application Form

This Application Form is to be completed by councils applying for an increase to a minimum rate (MR) for 2026-27 above the statutory limit under s 548(3) of the *Local Government Act 1993* (LG Act). The Application Form for a minimum rate increase (MR increase) is in two parts:

- Application Form [Part A](#) (separate Excel spreadsheet)
- Minimum Rate Increase Application Form Part B (this MS Word document).

Councils can apply for an MR increase either in conjunction with a special variation (SV) under s 508(2) or s 508A of the LG Act, or as a stand-alone adjustment (i.e. without also seeking an increase to general income in place of the rate peg).

Councils applying for an MR increase in conjunction with an SV should complete this form and the SV Application Form Part B. In addition, they should complete the Application Form [Part A](#) that covers both MR and SV increases.

This MR Increase Application Form Part B consists of:

- Description and Context Questions
- Criterion 1: Rationale for increasing minimum rates above the statutory limit
- Criterion 2: Impact on ratepayers
- Criterion 3: Consultation on the proposal
- Other relevant matters
- Council certification and contact information
- List of attachments

Under each section, we provide some guidance to complete the section. However, when preparing their application, including this form, councils should refer to:

- OLG's [MR Guidelines](#) issued in November 2020
- section 4 of IPART's [Guidance Booklet - Special variations: How to prepare and apply](#), in particular for information about community awareness and engagement for special variations and minimum rates.

## 2 Preparing your application

### Ordinary rates – minimum amounts

Councils must apply to increase the minimum amount of an ordinary rate above the statutory limit where:

- The council is currently charging a minimum ordinary rate at or below the statutory limit and is seeking to increase its minimum rate(s) above the statutory limit for the first time.
- The council is currently charging a minimum ordinary rate(s) above the statutory limit and is seeking to increase its minimum rate(s) in 2026-27 by more than the rate peg percentage or the percentage allowed by an approved SV.
- The council is currently charging a minimum ordinary rate(s) at or below the statutory limit and, as part of implementing a proposed SV for 2026-27 (whether applying a lower, higher or the same percentage increase as the requested SV percentage) the increase would result in a minimum rate(s) that is above the statutory limit for the first time.

Councils **do not need** to apply for an increase to minimum ordinary rates in the following circumstances, whether or not they are applying for an SV:

- The proposed increase (even if it is above the rate peg percentage) would result in a minimum rate(s) which are still below the statutory limit.
- The minimum rate(s) is already above the statutory limit (having previously been granted approval for the rate(s) to be above the statutory limit) and the council proposes to increase the minimum rate(s) by the rate peg percentage or the percentage allowed by an approved SV.

If a MR increase application is approved, IPART will issue the instrument in **dollar terms** rather than percentage increase(s). The statutory limit of the minimum amount of an ordinary rate is set out in clause 126 of the *Local Government (General) Regulation 2021*, which is typically updated annually.

### Special rates – minimum amounts

Councils must apply to increase (even if the proposed increase is by the rate peg percentage or the same as a proposed special variation) the minimum amount of a special rate above the statutory limit of \$2 or a previously approved limit.

### Attaching supporting material

Responses in the text boxes should clearly cross-reference where the information is located in the supporting documents attached to the council's application.

It is not necessary to submit a document with the MR Increase Part B Application Form if the same document is submitted as part of an SV application.

## Confidential content in supporting material

We will publish all applications (excluding any confidential content) on our website. The submission process allows councils to highlight confidential content. Examples of confidential content include personal information relating to a member of the public or a document which includes commercial-in-confidence content.

Councils should ensure supporting documents are redacted to remove confidential content where possible, or clearly marked as **CONFIDENTIAL**. To protect confidential details in submissions from ratepayers, either redact or submit as a confidential attachment.

## Submitting the application online

Applications must be submitted through IPART's [LG Portal](#) by 05:00pm on Monday, 2 February 2026.

A council will need to register before first using the LG Portal. You can find user information, including guidance for uploading SV and MR applications [here](#).

Maximum file size allowed per document is 150 megabytes.

Contact Arsh Suri on (02) 9113 7730 or [localgovernment@ipart.nsw.gov.au](mailto:localgovernment@ipart.nsw.gov.au) for assistance with using the [LG Portal](#).

## 3 Description and context

These questions seek general information about the council's application to increase minimum rates.

### Question 1: What is the increase to minimum rate(s) the council is applying for?

The response will provide a high-level summary of the proposal to increase minimum rates. Detailed information about the increase is collected in Application Form Part A. However, if only applying for an MR increase (not an SV), please note that not all sections of Application Form Part A need to be filled out. Further details about what needs to be completed is provided in Worksheet 1 (WS 1) of the Part A application form after selecting the nature of the application as a 'Minimum Rates Increase' application.

If the increase applies to an ordinary rate, complete this section

Does the council propose to increase the minimum amount of its ordinary rate(s) above the statutory limit for the first time?	<b>Yes</b>
Which rating category(s) will the increase(s) apply to?  If the increase will apply to some subcategory(s), please specify them in the text box also.	<b>Residential and Business rates</b>
Please specify the proposed dollar amount(s) per rating category (and if applicable per subcategory) that the council considers would need to apply in 2026-27.	<b>Residential – \$970.72</b>  <b>Business – \$970.72</b>
Does the council propose to increase the minimum amount of its ordinary rate(s) for 2026-27 by the rate peg percentage, the proposed SV percentage, a previously approved SV percentage, or a different percentage?	Choose an item.  <b>A different percentage.</b>  Residential:  <b>2026/27 – 30%</b>  Business:  <b>2026/27 – 30%</b>
For multi-year increases, please specify the proposed dollar amount(s) per rating category (and if applicable per subcategory) that council considers would need to apply in each proposed year after 2026-27.	Residential:  <b>2026/27 – \$970.72</b>  <b>2027/28 - \$1,116.32</b>

	<p><a href="#">2028/29 – \$1,216.79</a></p> <p><a href="#">Business:</a></p> <p><a href="#">026/27 – \$970.72</a></p> <p><a href="#">2027/28 - \$1,116.32</a></p> <p><a href="#">2028/29 – \$1,216.79</a></p>
<p>For multi-year increases, does the council propose to increase the minimum amount of its ordinary rate(s) by the rate peg percentage, the proposed SV percentage, a previously approved SV percentage or a different percentage? Please specify for each proposed year after 2026-27.</p>	<p>The minimum rates increase percentages are marginally different from the proposed special variation rates.</p> <p><a href="#">Residential:</a></p> <p><a href="#">2027/28 - 15% (Special Variation – 15.22%)</a></p> <p><a href="#">2028/29 – 9% (Special Variation 8.58%)</a></p> <p><a href="#">Business:</a></p> <p><a href="#">2027/28 - 15% (Special Variation – 15.22%)</a></p> <p><a href="#">2028/29 – 9% (Special Variation 8.58%)</a></p>

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

Does the council propose to increase the minimum amount of a special rate above the statutory limit?	<a href="#">No</a>
Does the council propose to increase the minimum amount of its special rate(s) by the rate peg percentage, SV percentage or a different percentage?	Choose an item. X%
Please specify the proposed dollar amount(s) for the special rate that the council considers would need to apply in 2026-27 (and for multi-year increases, for each financial year after 2026-27).	Click or tap here to enter text.

For multi-year increases, does the council propose to increase the minimum amount of its special rate(s) by the rate peg percentage, the proposed SV percentage, a previously approved SV percentage or a different percentage? Please specify for each proposed year after 2026-27.

Click or tap here to enter text.

## Question 2: What is the key purpose(s) for requesting to increase minimum rate(s) above the statutory limit?

In the **text box**, indicate at the highest level the key purpose(s) of the proposed increase to minimum rates. The purposes could include **one or a combination of**:

- increasing minimum rates by the rate peg percentage
- maintaining an equitable allocation of the rating burden across the council's rating categories
- improving the equitable allocation of the rating burden across the council's rating categories
- matching the level of minimum rates in comparable councils
- improving financial sustainability (assuming there is a related SV application), and/or
- increasing a special rate by the rate peg percentage.

### Purpose 1: Improving the equitable allocation of the rating burden

The proposed increase to the minimum rate is intended to improve equity within Council's rating system by reducing the imbalance between minimum ratepayers and ad valorem ratepayers.

Currently, 77.5% of the 37,315 residential assessments in the North Sydney LGA pay the minimum rate. This outcome is primarily driven by the high-density nature of the LGA and the application of rates based on unimproved land values. As a result, a relatively small proportion of ratepayers contribute the majority of rates revenue through ad valorem assessments.

This structure has created increasing cross-subsidisation, where ad valorem ratepayers bear a disproportionate share of the cost of Council services and infrastructure. Increasing the minimum rate will ensure that all ratepayers make a fairer contribution to the cost of service provision and improve equity across Council's rating categories.

### Purpose 2: Aligning minimum rates with comparable councils

In assessing the appropriateness of North Sydney Council's minimum rate, a comparison has been undertaken with other metropolitan councils with similar density, service complexity, and infrastructure responsibilities, including the City of Sydney, Inner West Council, Willoughby City Council, Lane Cove Council, and City of Ryde. These councils operate in comparable urban environments, with high proportions of multi-unit dwellings and similar demands for infrastructure, asset renewal, and service delivery.

As shown in Chart 4 for residential rates and Chart 7 for business rates (refer also to the Long-Term Financial Plan, pages 29 and 31), North Sydney Council's current minimum rate is lower than that of many comparable councils. The proposed increase, as shown in Chart 6 (refer also to the Long-Term Financial Plan, page 31), would move Council closer to peer benchmarks while remaining within a reasonable and defensible range.

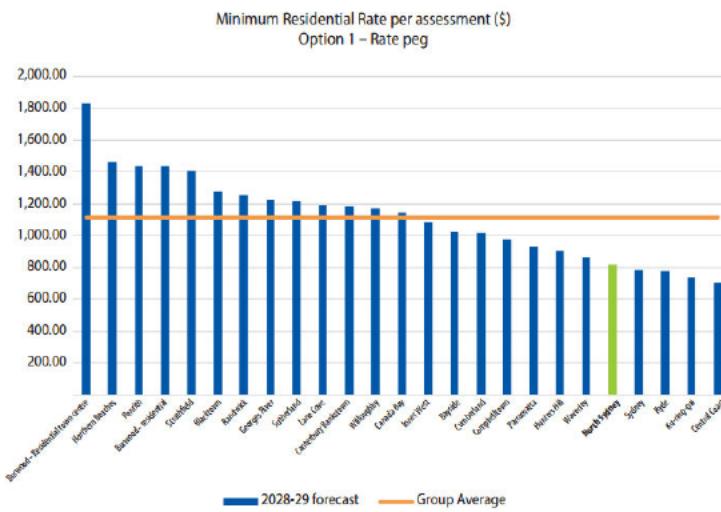


Chart 4: Minimum Residential Rate per assessment – Option 1

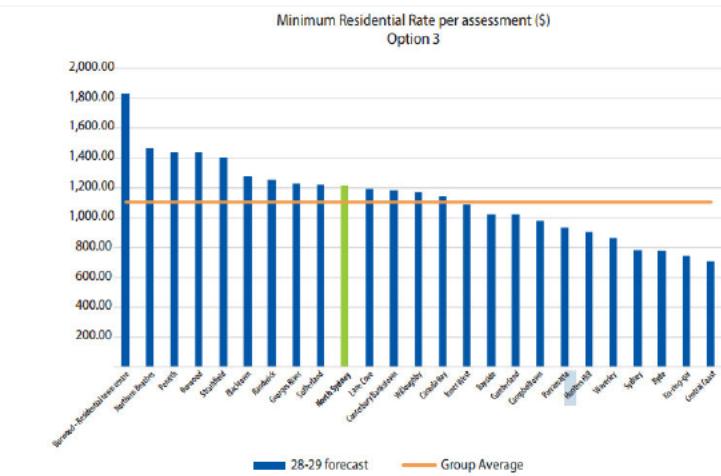
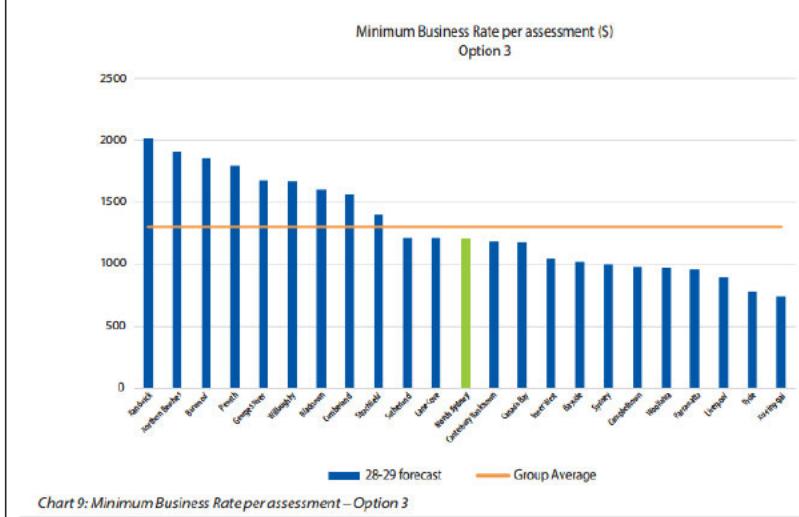
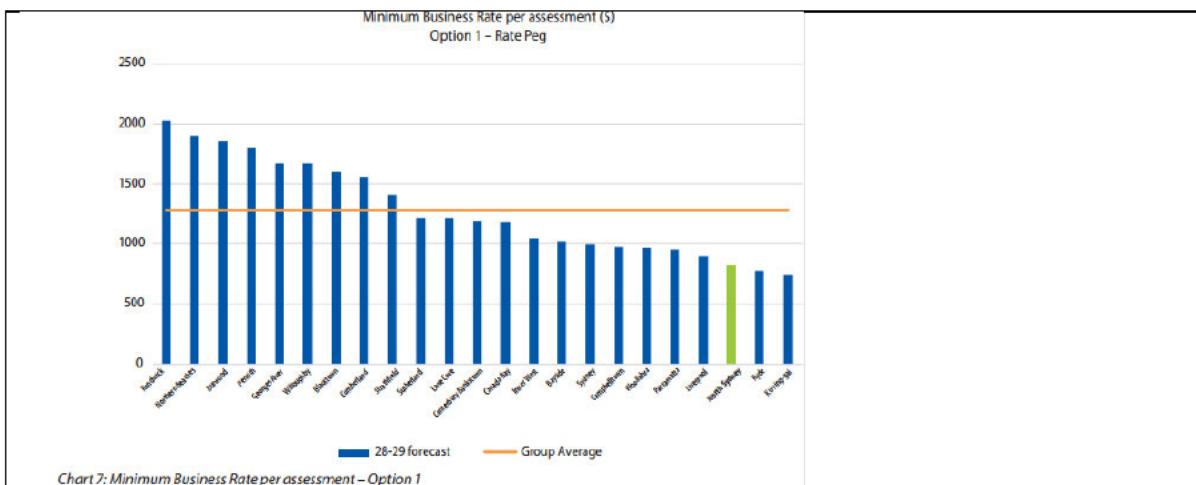


Chart 6: Minimum Residential Rate per assessment – Option 3



### Purpose 3: Improving financial sustainability and supporting the SRV

The proposed increase to the minimum rate is a critical component of Council's Special Rate Variation application and its broader strategy to restore long-term financial sustainability.

As demonstrated in Council's Long-Term Financial Plan, without an increase in rates revenue, Council faces an unsustainable financial trajectory, including declining liquidity, constrained asset renewal capacity, and increasing financial risk. This position is expected to worsen as the population grows.

Council's population is forecast to increase by approximately 20% by 2036, with most future housing growth occurring through higher-density apartment developments. If new dwellings continue to pay the current minimum rate (currently \$743.85), this will not adequately reflect the additional infrastructure, asset renewal, and service demands associated with increased density.

Increasing the minimum rate will enable Council to recover a more appropriate share of the costs associated with growth, reduce pressure on ad valorem ratepayers, and support Council's ability to fund essential infrastructure and services. This adjustment, in conjunction with the proposed SRV, is necessary to return Council to a sustainable financial position and meet its statutory and community obligations over the long term.

## 4 Criterion 1 – Rationale for increasing minimum rates above the statutory limit

Criterion 1 in the MR Guidelines is:

The rationale for increasing minimum rates above the statutory amount.

The MR Guidelines discuss minimum rates in the context of rating principles in Attachment 1. The MR Guidelines state that:

Where applicable, councils should make reference to the relevant parts of their Integrated Planning and Reporting (IP&R) documentation to demonstrate how the criteria have been met.<sup>a</sup>

We expect councils to be able to provide evidence of how the proposal to increase minimum rates was developed in the context of the council's IP&R framework, and councils should refer to the relevant parts of their IP&R documents.

### How to respond for Criterion 1

The council's response should be tailored to the specific circumstances of the minimum rate increase, including whether it is part of a proposal for an SV.

If the increase to minimum rates is **in conjunction** with a proposed SV, the response for criterion 1 should focus on the aspects directly relevant to the proposed MR increase. It is not necessary to duplicate all the information explaining how the council established financial need which is included in the response for criterion 1 in the SV Application Form Part B.

Where applicable, councils should provide references to their IP&R documents dealing with the proposal to increase minimum rates to demonstrate how the criterion has been met.

### 4.1 What is the council's rationale for increasing minimum rates above the statutory limit?

In the text boxes the response should:

- Explain how the council developed the proposal in the context of its IP&R framework, including the SV proposal, if relevant.
- Explain why the council considers the increase to minimum rates is necessary.
- Discuss both the benefits and drawbacks of the proposed changes to the rating structure.

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<sup>a</sup> OLG, MR Guidelines, section 2.2.

a. Why the council is seeking to introduce or increase minimum rates above the statutory limit.

Council's rating system is based on unimproved land values. As a result, apartments generally pay significantly lower rates than freestanding houses, even where overall property values are comparable. This outcome does not appropriately reflect either the cost of providing services and infrastructure to apartment residents or, in many cases, their capacity to pay rates.

North Sydney is expected to experience substantial population growth, with approximately 20 per cent growth in residents by 2036, driven largely by new apartment developments in response to NSW Government housing targets. This growth will place increasing demand on Council infrastructure and services, including public domain maintenance, waste services, transport infrastructure, community facilities, and regulatory services.

In this context, the statutory minimum rate no longer reflects the baseline cost of providing essential services to residents. Increasing the minimum rate will ensure that new and existing apartment developments make a fair and reasonable contribution to the cost of services they receive.

A higher minimum rate will enable Council to better balance service delivery costs with capacity to pay, improve equity across property types, and support the long-term financial sustainability of the Council as the local government area continues to densify.

b. How the proposed minimum rates are to be applied.

The proposed minimum rates form part of Council's overall rating structure and will be implemented alongside the approved special rate variation and annual rate peg adjustments. Pensioner concessions will continue to apply in accordance with legislative requirements.

As per the LTFP, Council proposes to apply

**Residential rates:**

2026/27 – \$970.72,

2027/28 – \$1,116.32

2028/29 – \$1,216.79

**Business rates:**

026/27 – \$970.72

2027/28 – \$1,116.32

2028/29 – \$1,216.79

c. What benefits and drawbacks of the proposed changes to the rating structure have been identified?

#### Benefits

- Improves equity by ensuring all rateable properties contribute a fair minimum amount towards the cost of essential council services.
- Strengthens Council's financial sustainability by providing a more stable and predictable revenue base.
- Reduces reliance on higher-value properties to subsidise the cost of services provided across the local government area.
- Better aligns the rating structure with the actual cost of delivering baseline services that benefit all properties equally.

#### Drawbacks

The drawbacks are that some minimum ratepayers may be considered to have a lower capacity to pay, however this drawback will be lessened by Council's Hardship Policy (attachment 13).

Table 1 Criterion 1 attachments

Attachment number	Name of document	Page references
Attachment 3	Long Term Financial Plan 2026-2036	Page 29-35
Attachment 2	Delivery Program 2025-2029 (with addendum)	Page 114-118
Attachment 14	Capacity to Pay Report	Page 47,49,50,53
Attachment 13	Financial Hardship Policy	All

## 5 Criterion 2 – Impact on ratepayers

Criterion 2 in the MR Guidelines is:

The impact on ratepayers, including the level of the proposed minimum rates and the number and proportion of ratepayers that will be on the minimum rates, by rating category or subcategory.

The criterion requires consideration of two elements:

- the level of minimum rates for ratepayers whose rates will be increased, and
- the distribution of the rate burden in the particular category or subcategory between those paying minimum rates and those paying an amount based on the value of their property.

Although it is a matter for each council to determine its rating structure, including the level of minimum rates, for this criterion, IPART will assess the proposal on its merits, but will consider how the proposed minimum rates accord with the principles of rating, by looking at:

- the absolute and percentage increase in minimum rates proposed for ratepayers paying the minimum amount
- how the council will manage any adverse impact on ratepayers
- how the increase in minimum rates affects the equitable distribution of the rate burden among all ratepayers in the category or subcategory.

As the minimum rate is the lowest amount that is paid by ratepayers in any rating category, the impact of the proposed increase to minimum rates may not, of itself, be as significant as the same percentage increase to rate levels above the minimum. Nevertheless, IPART expects that councils will be able to demonstrate how they have considered its affordability and the affected ratepayers' capacity to pay.

IPART will make its own assessment of the affected ratepayers' capacity to pay by reference to evidence provided by the council and our own analysis using socioeconomic indicators, including as they relate to those for comparable councils in the council's OLG grouping.

### How to respond for Criterion 2

By completing the Application Form [Part A](#), councils will provide full details of current and proposed levels of minimum rates and the number of ratepayers affected. The response to the first question for criterion 2 requires only a summary of this information.

If the increase to minimum rates is in conjunction with a proposed SV, the response for the other questions for criterion 2 should focus on the aspects of the impact on ratepayers and its affordability which are directly relevant to the proposed MR increase. It is not necessary to duplicate all the information providing details included in the response for criterion 3 in the SV Application Form [Part B](#).

The council's response to the other questions for criterion 2 should explain the specific circumstances of the minimum rate increase, including whether it applies to an ordinary or special rate and whether it is part of a proposal for an SV, and the characteristics of the ratepayers who will be affected.

Where applicable, councils should provide references to their IP&R documents dealing with the proposal to increase minimum rates to demonstrate how the criterion has been met.

The response to this criterion should refer to matters such as:

- the extent to which the new minimum rates exceed the equivalent ad valorem rates that would apply in the absence of the minimum rates
- the overall impact on ratepayers resulting from the proposed increase
- steps that have been taken to distribute the rate burden equitably
- affected ratepayers' capacity to pay the higher level of rates, overall and by each rating subcategory
- how the council plans to address hardship ratepayers may experience in meeting their obligations to pay rates in the future.

In considering capacity to pay, you may also want to consider how the council's socioeconomic profile and other relevant measures of capacity to pay relate to those for comparable councils. IPART will also review various socio-economic indicators, particularly as they relate to those for comparable councils in your OLG grouping.

## 5.1 What are the current and proposed levels of minimum rates, and the number of ratepayers on the minimum rate over the application period?

In the text box, summarise the information. This can be presented in table form, if appropriate, that clearly shows the different items over the application period (up to 7 years). Alternatively, the information can be presented in an attachment.

Residential ratepayers on minimum			
Year	Minimum	% on minimum	Number on minimum
2025/26	\$743.85	77%	28,937
2026/27	\$970.72	79%	29,474
2027/28	\$1,116.32	79%	29,412
2028/29	\$1,216.79	79%	29,461

## Business ratepayers on minimum

Year	Minimum	% on minimum	Number on minimum
2025/26	\$743.85	33%	1,129
2026/27	\$970.72	35%	1,207
2027/28	\$1,116.32	35%	1,205
2028/29	\$1,216.79	35%	1,207

## 5.2 What will be the impact on ratepayers of the proposed increase in minimum rates?

In the text box, set out the increase in dollar and percentage terms for each category and subcategory of ratepayers affected by the proposed MR increase. This can be presented in table form, if appropriate, that shows category breakdowns of ratepayers (e.g. minimum ratepayers and ad valorem ratepayers) over the application period (up to 7 years). Alternatively, the information can be presented in an attachment.

Category	2025/26 \$	2026/27 % increase	2026/27 \$	2027/28 % increase	2027/28 \$	2028/29 % increase	2028/29 \$
Residential minimum	\$743.85	30% (rounded down)	\$970.72	15%	\$1,116.32	9%	1,216.79
Residential ad-valorem	\$0.063794	19%	\$0.075794	16%	0.088157	8%	0.095316
Business minimum	\$743.85	30% (rounded down)	\$970.72	15%	\$1,116.32	9%	1,216.79
Business ad-valorem	\$0.461779	23%	0.566300	15%	0.654001	9%	0.710707

## 5.3 How does the proposed increase affect the distribution of the rating burden among ratepayers?

In the text box, explain the action, if any, the council took in response to feedback from the community.

The proposed increases to minimum rates will result in a measured rebalancing of the rating burden, particularly reflecting the growing proportion of apartment developments in North Sydney, while preserving the overall integrity of the land-value-based rating system.

As North Sydney continues to densify, with a greater proportion of residential growth occurring through apartment developments, a large share of residential properties are subject to minimum rates. Increasing the minimum rate ensures that Council can sustainably extend services and infrastructure to these developments without disproportionately increasing the rates burden on detached housing and higher-value properties.

### **Residential ratepayers**

In 2025/26, the residential minimum rate is \$743.85, with approximately 77% of residential ratepayers (around 28,937 properties) on the minimum rate. Following the proposed increase to \$970.72 in 2026/27, the proportion of residential ratepayers on the minimum rate increases modestly to 79 per cent (approximately 29,474 properties). This proportion remains stable at 79% through 2027/28 and 2028/29, despite further increases in the minimum rate to \$1,116.32 and \$1,216.79 respectively.

This indicates that while the minimum rate increases, it does not materially expand the proportion of residential properties captured by the minimum rate. Instead, it increases the contribution made by properties already paying the minimum, improving alignment with the cost of service provision.

### **Business ratepayers**

For business ratepayers, the impact is more limited. In 2025/26, approximately 33% of business properties (1,129 properties) are on the minimum rate. Following the increase in the minimum rate in 2026/27, this proportion rises to 35% (around 1,207 properties) and remains stable at 35% through 2027/28 and 2028/29.

Despite this modest increase in the number of business properties on the minimum rate, the majority of business rate revenue continues to be generated through ad valorem rates, reflecting the higher land values of commercial properties.

### **Overall distributional impact**

Overall, the data demonstrates that the proposed increases do not significantly alter the proportion of ratepayers subject to minimum rates. Instead, they:

- Increase the contribution from properties already on the minimum rate, particularly apartments.
- Avoid shifting a disproportionate burden onto single dwelling houses.
- Maintain stability in the rating structure over the four-year period.
- Support long-term financial sustainability in the context of increasing residential density.

The proposed approach ensures a fairer distribution of the rating burden that better reflects service demand while maintaining predictability and equity across the rate base.

## 5.4 How has the council considered affordability and the affected ratepayers' capacity to pay higher rates, including measures to address hardship?

In the text box, explain how the council considered whether the rate increases would be affordable for the affected ratepayers, including any socioeconomic data referred to in making its assessment, and any measures the council proposes to use to reduce the impact, if necessary.

Council assessed affordability and the community's capacity and willingness to pay through three lenses:

1. **Community priorities and stated willingness to support additional revenue**
2. **Quantitative capacity-to-pay analysis for households and businesses, and**
3. **Targeted mitigation measures for those experiencing hardship**

Council recognises that while overall capacity to pay in North Sydney is strong, affordability impacts are not evenly distributed, and even modest rate increases can create hardship for some households. Consideration of vulnerable cohorts including pensioners, renters, low-income households and those experiencing broader cost-of-living pressures was therefore a central factor in determining the scale, structure and phasing of the proposed Special Rate Variation (SRV) and minimum rates increase, as well as the associated hardship and rebate measures.

### **Community priorities and willingness to pay**

Affordability and willingness to pay are embedded within Council's Integrated Planning and Reporting framework. The adopted Delivery Program 2025–2029 identified Council's weak financial position and its inability to sustainably maintain services and asset renewal under existing revenue settings. Community feedback on the Draft Delivery Program indicated limited support for service reductions or asset sales, leading Council to commit to further engagement on funding options.

Council subsequently undertook a two-phase engagement program (North Sydney – Towards a Sustainable Future) between August and December 2025 to inform the Draft Long Term Financial Plan 2026–2036 (LTFP) and SRV options.

Phase 1 engaged residents on service levels, infrastructure priorities and Council's financial challenges, and tested appetite for potential revenue measures or service reductions. This included independent, statistically representative surveys conducted by Micromex Research, supported by open "opt-in" surveys. The findings demonstrated little appetite for reducing services or service standards, with a majority of respondents indicating a preference to maintain or improve services and infrastructure, even where this may require additional revenue.

Phase 2 presented the draft LTFP and three rate-path scenarios, including a rate-peg-only option, and sought feedback on preferred approaches and tolerance for rate increases.

Community views on minimum rate increase were divided but leaned in support – the engagement report notes that "a majority of residents supported increasing the minimum rate to assist in addressing equity concerns," and nearly two-thirds of business respondents supported raising the business minimum rate. This feedback suggests that many in the community understand the benefits (fairness and service sustainability) and are prepared to accept the rate restructure. Such support is a positive factor, as it may mean less resistance to implementing the changes and a smoother path to realising the benefits.

In addition to structured engagement, Council held a public forum prior to its Council meeting decision on the SRV and minimum rate applications.

### **Capacity to pay – households**

Council prepared a Capacity to Pay Report (January 2026) to assess the economic ability of ratepayers to absorb rate increases. The analysis found that North Sydney has a strong overall capacity to pay, with high household incomes and low unemployment. The median weekly household income in the LGA is \$2,526, well above the Sydney median, and approximately 77 per cent of households fall within the top half of the NSW income distribution.

North Sydney residents have one of the lowest rates-to-income ratios in metropolitan Sydney, ranking second lowest among 33 councils in a 2023–24 comparison. This indicates that, while the proposed increases are significant in percentage terms, they remain a modest proportion of average household income. The analysis did not identify any locality exhibiting systemic inability to pay.

The Capacity to Pay assessment also examined socio-economic vulnerability, including unemployment, pensioners, lone-person households, one-parent families, rental stress, mortgage stress and broader cost-of-living pressures. Only around 4 per cent of rateable households receive pensioner rebates, and rates hardship indicators are low, with outstanding rates at 3.7 per cent, below typical benchmarks.

It is also noted that approximately 52 per cent of residential properties in North Sydney are rented, meaning a significant proportion of rates are paid by investors rather than owner-occupiers; for these ratepayers, council rates are a tax-deductible expense, and rental prices are largely determined by broader market conditions, such that changes in council rates are generally not a material driver of rental costs.

In response to affordability concerns, Council moderated both the scale and phasing of the proposed minimum rate increase compared with the 2025–26 application to allow for more gradual adjustment by affected ratepayers. Council continues to provide statutory pensioner rebates and also offers a voluntary rebate of \$242 for domestic waste charges and community rates for hire of facilities. In addition, most Council services, including libraries, youth services and community events, are provided free of charge, supporting access for more vulnerable community members.

As a high-density local government area with continued population growth, Council must ensure its minimum rate supports sustainable service delivery and infrastructure provision. The current minimum residential rate of \$743 applies to approximately 78 per cent of residential assessments and is materially below the average minimum rate of metropolitan Sydney councils. Council determined that this level is insufficient to sustain required services and asset renewal over the long term.

In response to affordability concerns raised through 2025-26 SRV IPART determination, Council moderated the proposed increase to the minimum rate and adopted a phased implementation. The selected option also includes a focus on increasing the supply of affordable housing within the local government area to support key workers and address broader housing affordability pressures.

Council considers household income, rather than individual income to be the most appropriate basis for assessing capacity to pay council rates, as rates are a household-level charge. Nonetheless, rental stress and other vulnerability indicators are explicitly considered within the Capacity to Pay analysis. While 2021 Census data has been used where required, this has been supplemented with more recent economic data and forward projections to reflect contemporary conditions.

### **Capacity to pay – businesses**

Council also assessed the capacity of the business sector to absorb rate increases. North Sydney has a strong and diversified local economy, underpinned by high-income and resilient industries. Over the past decade, Gross Regional Product grew by 33 per cent to \$12.2 billion and more than 15,700 additional full-time jobs were created.

The Capacity to Pay Report found that most small businesses would experience little direct impact from the proposed SRV and minimum rate increase. Of the 15,284 registered businesses in the LGA, only 3,453 are subject to a business rates assessment, meaning more than 75 per cent do not directly pay council rates. Many businesses are non-employing or home-based, and many small tenants lease under gross rent arrangements where council rates are not separately charged. Council rates are also tax-deductible, reducing the net impact on business cash flows.

The increase in the minimum rate over three years is quite modest, with Option 3 assuming a total increase of \$396.08. When comparing this to a small business rent, for example, a coffee kiosk in the North Sydney suburb with an annual market rent of \$35,000, and considering that business rates are tax-deductible expenses, the impact appears minimal.

Even before factoring in tax deductions, by the end of year three, a business would pay an additional \$7.60 per week, representing just a 1.1% increase in total rent for a small business, assuming all rates increases are passed onto the tenant.

It is also important to note that, for most small commercial rentals, tenants generally do not pay outgoings directly (based on Council's own investment portfolio). Instead, the lease is usually structured on a gross basis, meaning all rates and outgoings are factored into the rent, depending on the negotiation with the landlord. As a result, tenants may not experience the full effect of rate increases as these are absorbed into the overall rent package.

Out of 3,453 business assessments, 33% are on minimum rates, with 40% of those minimum rates concentrated in the North Sydney suburb. This is understandable given North Sydney's status as a high foot traffic area, supported by the presence of North Sydney train station and metro access.

When considering the capacity to pay higher minimum business rates, it is important to note that 49% of the assessments, representing 595 of assessments, pertain to 138 business owners who own more than one business property within North Sydney Council. This suggests that a significant proportion of property owners may possess greater financial capability, making them more likely to manage slightly higher minimum rates without undue hardship.

Of the 612 business assessments still paying minimum rates, 229 are owned by separate legal entities with limited liability, so only 383 properties - representing 32% of the total - are owned by individuals.

Business rates arrears are low at 2.2 per cent, well below typical benchmarks, and the rate base is highly concentrated, with approximately 5 per cent of business assessments contributing 57 per cent of total business rate revenue. These assessments largely relate to major commercial landholders with substantial financial capacity.

### Summary

Overall, Council's financial modelling, extensive community engagement and detailed capacity-to-pay analysis demonstrate that the proposed SRV and minimum rate increase are set at a level the community can broadly afford. The proposal reflects the community's willingness to support additional revenue to maintain services and address infrastructure backlogs, while incorporating targeted mitigation measures to support those experiencing hardship and ensure affordability considerations are appropriately addressed.

Table 2 Criterion 2 attachments

Attachment number	Name of document	Page references
Attachment 4	Long Term Financial Plan 2026-2036	Page 29-35

Attachment number	Name of document	Page references
Attachment 14	Capacity to Pay Report	Page 47,49,50,53
Attachment 23	Financial Hardship Policy	All

## 6 Criterion 3 – Consultation on the proposal

Criterion 3 in the MR Guidelines requires IPART to assess applications in light of the consultation the council has undertaken to obtain the community's views on the proposal.

The criterion requires IPART to make an assessment on the council's consultation with its community about the proposal to increase minimum rates.

Although this criterion does not specify the various aspects of how the council should conduct consultation on the minimum rate increases, IPART expects that councils should be able to offer evidence to demonstrate that its consultation has been effective. Councils need to use appropriate methods to make the community aware of the proposal and afford ratepayers opportunities to provide feedback and show that the proposed increase is reflected in its IP&R documents.

The breadth and depth of the consultation should be commensurate with the size of the proposed increase in rates and tailored to the specific circumstances of the minimum rate increase, including whether or not it is part of a proposed SV.

IPART expects that the consultation would:

- include the broader community as well as the ratepayers directly affected
- explain the rationale for the proposal, and
- transparently outline:
  - how the proposed minimum rate increase incorporates the rate peg and/or SV percentage increase
  - the annual increase (rather than just a weekly amount)
  - the full cumulative increase in percentage terms, and the total increase in dollar terms for ratepayers in each affected rating category
  - the impact on other ratepayers in the category who do not pay the minimum rate
  - any change in the proportion of ratepayers on the minimum rate.

For councils also applying for an SV, it is not sufficient to only communicate the proposed average rates (i.e. ad-valorem or base rate + ad-valorem) in the council's community consultation materials. IPART would also expect to see evidence that the council has communicated the proposed minimum rates to ratepayers in dollar terms.

Councils are strongly encouraged to review section 4 of IPART's [Guidance Booklet - Special variations: How to prepare and apply](#), in particular for information about community awareness and engagement for special variations and minimum rates.

### How to respond for Criterion 3

The response for this criterion should demonstrate that the council used an appropriate range of methods to inform the community about the proposed increase to minimum rates and offered opportunities for the community to provide their comments on the proposal.

Where applicable, councils should provide references to their IP&R documents dealing with the proposal to increase minimum rates to demonstrate how the criterion has been met.

In the **text box**, the council should explain the consultation process, including:

- how the council has consulted with the community
- the forms of consultation used
- when consultation occurred
- which groups were consulted
- opportunities for the community to give feedback
- a summary of the outcomes and feedback received
- any action taken, or which will be taken, to address issues of common concern within the community about the proposal to increase minimum rates.

If the increase to minimum rates is in conjunction with a proposed SV, the response for criterion 3 should focus on the aspects directly relevant to the proposed MR increase.

## 6.1 How did the council consult the community about the proposed increases to minimum rates?

a. What were the consultation methods used to make ratepayers aware of the proposal and provide opportunities for feedback from them?

Council undertook a comprehensive, two-phase community engagement program to inform and consult the community on its financial position, proposed Special Rate Variation, and associated increases to minimum rates. Engagement was multi-channel, targeted, and consistent with Council's Community Engagement Strategy 2025–2029 and the IAP2 Australasia Quality Assurance Standard.

Consultation methods included:

- Direct communication to all ratepayers via letterbox drops and the North Sydney News publication
- Dedicated "Your Say" consultation webpages with supporting documents, FAQs, and explainer materials
- An online survey administered independently by Micromex Research, supplemented by an open survey available to all community members
- Interactive online rates calculator enabling ratepayers to view the dollar impact on their own property
- Community pop-ups, precinct committee meetings, and "Ask the Executive" sessions
- Email newsletters, Council website updates, social media (organic and paid), videos, and media coverage

- Targeted engagement with business ratepayers through direct emails and business-specific materials

These methods ensured broad awareness and provided multiple opportunities for informed feedback.

b. What was the consultation period?

Community consultation was conducted over two key phases:

Phase 1: "Let's Talk Services and Infrastructure" — 1 to 29 August 2025

Phase 2: "Let's Talk Rates" — 29 October to 3 December 2025

Phase 2 specifically sought feedback on the Draft Long-Term Financial Plan, Special Rate Variation options, and proposed increases to minimum rates.

c. Which groups in the community were consulted?

Consultation targeted and reached a broad cross-section of the community, including:

- Residential ratepayers (including apartment owners and single dwelling households)
- Business ratepayers
- Non-resident ratepayers
- Precinct committees and community representatives
- Local businesses and business associations
- Council staff and internal stakeholders

Independent research ensured statistically representative input from residents and businesses, while open channels allowed voluntary participation from the wider community.

d. How were the proposed changes to minimum rates presented to the community?

The proposed increases to minimum rates were presented transparently and in context as part of the broader Special Rate Variation options. Materials clearly explained:

- The role of minimum rates within the rating structure
- The proposed annual and cumulative increases to minimum rates
- The interaction between minimum rates and ad valorem rates
- The rationale for changes, including increasing residential density and service costs
- The dollar impact on average ratepayers by rating category

This information was consistently presented through fact sheets, the Draft Long-Term Financial Plan, the Your Say website, public presentations, and the online rates calculator, enabling ratepayers to understand both aggregate and property-specific impacts.

e. What feedback from the community was received?

Minimum Rate

- Views were divided, but a majority of residents supported increasing the minimum rate to assist in addressing equity concerns.
- Almost two thirds of business respondents supported Council increasing the business minimum rate.

Feedback received during consultation highlighted three primary themes:

- Affordability and cost-of-living pressures, particularly for pensioners, apartment dwellers, and small businesses
- Governance, financial management, and value for money, including questions about whether Council had exhausted efficiency measures and alternative revenue options
- Support for infrastructure renewal, with conditional support for higher rates where revenue is clearly directed to asset maintenance, renewal, and essential services

Independent survey results showed that a majority of residents supported maintaining or improving service levels, even where this required higher rates, and recognised the importance of investing in infrastructure and intergenerational equity.

f. How the council responded to any issues of concern raised in feedback from the community.

Council responded to community concerns by:

- Undertaking detailed capacity-to-pay and affordability analysis, including benchmarking against comparable councils
- Retaining and clearly communicating pensioner concessions, hardship provisions, and flexible payment arrangements
- Refining and scaling the proposed SRV and minimum rate increases to moderate impacts while maintaining financial sustainability
- Clearly linking additional revenue to infrastructure renewal, service continuity, and long-term asset management outcomes in the Long-Term Financial Plan
- Publishing detailed financial information, FAQs, and explanatory materials to improve transparency and understanding
- Incorporating productivity improvements and cost-containment measures to reduce the overall funding task

Community feedback directly informed the final SV option progressed by Council, balancing affordability considerations with the need to address structural financial challenges and infrastructure backlogs.

Table 3 Criterion 3 Attachments

Attachment number	Name of document	Page references
Attachment 6	Community Engagement report	All
Attachment 7	Communication collateral and engagement activities	All
Attachment 8	Community Feedback	All

## 7 Other relevant matters

The MR Guidelines provide that we will assess each application based on its merits against the 3 assessment criteria and any other matters we consider relevant. The MR Guidelines do not specify examples of such matters.

Consistent with the approach for assessing SV applications, IPART's approach will be to assess each of the 3 criteria, then make an overall assessment taking into account any other relevant factors.

In the text box, the council may provide information in addition to that provided elsewhere in the application which it would like to be considered when assessing the proposed increase to minimum rate(s).

Not Applicable

Table 4 Attachments for other relevant matters

Attachment number	Name of document	Page references

## 8 Council certification and contact information

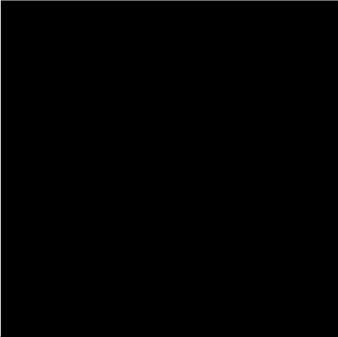
### 8.1 Certification of application

Councils must submit a declaration in the specified form. It should be completed by the General Manager and the Responsible Accounting Officer. Prepare a document in the form indicated below, sign, scan and attach as a public supporting document.

To be completed by General Manager and Responsible Accounting Officer

<b>Name of the council:</b>	North Sydney Council
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We certify that to the best of our knowledge the information provided in this application is correct and complete.

<b>General Manager (name):</b>	Therese Cole
<b>Signature and Date:</b>	 02/02/2026
<b>Responsible Accounting Officer (name):</b>	
<b>Signature and Date:</b>	 02/02/2026

**Note:** These signatures will be redacted before publication of the application.

## 8.2 Council contact information

IPART's formal contact with the council will be with the General Manager.

During the assessment period, IPART officers are likely to contact the council with detailed queries about the application and supporting documents. Councils should provide direct contact details of the primary contact for such inquiries where this person is a council officer who is not the General Manager. Council officer contact details will be redacted before publication of this application.

### General Manager

<b>General Manager contact phone</b>	[REDACTED]
<b>General Manager contact email</b>	[REDACTED]

Note: These contact details will be redacted before publication of the application.

### Primary council contact

<b>Council contact phone</b>	[REDACTED]
<b>Council contact email</b>	[REDACTED]
<b>Council email for inquiries about the MR application</b>	[REDACTED]

Note: These contact details will be redacted before publication of the application.

### Secondary council contact

<b>Council contact phone</b>	[REDACTED]
<b>Council contact email</b>	[REDACTED]
<b>Council email for inquiries about the MR application</b>	[REDACTED]

Note: These contact details will be redacted before publication of the application.

## 9 List of attachments

Table 5 is a checklist to ensure that all relevant documents are submitted to IPART.

Some documents are mandatory for all councils to submit, while others are only applicable if required by the council's specific circumstances and application. Each council can determine which other supporting materials to attach. To assist councils, Table 5 includes the names of some supporting documents commonly provided.

If the increase to minimum rates is in conjunction with a proposed SV, councils should include in the List of attachments all documents relied on in the application and referred to in Tables 1-4.

Complete the List of attachments, adding rows as necessary:

- name each document.
- check the box to indicate that it is being submitted with the application.

IPART will publish on our website the Application Forms and all material submitted as attachments to the application (unless it is marked confidential).

Table 5 List of attachments to the council's application

Name of Attachment	The document is included	The document is not applicable	The document was attached with the SV Part B Application Form
<b>Mandatory forms/attachments (i.e. to be published on IPART's website):</b>			
Application Form Part A (Excel spreadsheet)	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
Application Form Part B (this Word document)	<input checked="" type="checkbox"/>	NA	<input checked="" type="checkbox"/>
Council resolution to apply for the for the minimum rate increase	<input checked="" type="checkbox"/>	NA	<input checked="" type="checkbox"/>
Completed certification	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
Delivery Program	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
Long Term Financial Plan	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
Consultation materials	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
Community feedback (including surveys and results if applicable)	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
Willingness to pay study (if applicable)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardship Policy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Other public supporting materials:</b>			
(List the documents)			
Productivity and Improvement Plan	yes		

Name of Attachment	The document is included	The document is not applicable	The document was attached with the SV Part B Application Form
The Annual Financial Statements and Report on Infrastructure assets of 30 June 2025	yes		
Information on previous SRV	yes		
Annual report	yes		
Audit, Risk and Improvement Committee minutes 11 October 2024	yes		
North Sydney Local Infrastructure Contributions Plan 2020 App B	yes		
General Managers Declaration on past SV	yes		
Transcript of the Audit Office Presentation at Council Meeting	yes		
Phase 2 Opt In Community Survey Service Levels Asset Management	yes		
Draft Strategic Asset Management Plan	yes		
Minutes of meeting 31 Jan with the Resolution	yes		
Micromex Reaserch video presentation on Community Survey	yes		
Micromex row data 1	yes		
Micromex row data 2	yes		
Micromex row data 3	yes		
Audit, Risk and Improvement Committee minutes 20 June 2025	yes		
<b>Confidential supporting material (i.e. not to be published on IPART's website):</b>			
(List the documents)			

## Important information

### Submitting online

## Important information

Applications must be submitted through IPART's [LG Portal](#) by 05:00pm on Monday, 2 February 2026. Councils should note a file size limit of 150MB applies to any individual document uploaded in the portal.

**It is not necessary to submit a duplicate copy of a document with the MR Increase Application Form if the council has submitted the same document as an attachment to its SV Application Form.**

## Confidential content

IPART will publish all applications (excluding confidential content) on our website. Examples of confidential content are those parts of a document which disclose the personal identity or other personal information pertaining to a member of the public, a document such as a council working document that does not have formal status, or a document which includes commercial-in-confidence content.

Councils should ensure supporting documents are redacted to remove confidential content where possible, or clearly marked as **CONFIDENTIAL**.

## Publishing the council's application

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