



CAPACITY TO PAY

NORTH SYDNEY COUNCIL

January 2026

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Executive summary

Background

North Sydney Council ('Council') is currently considering an application for a Special Variation ('SV') to rates, and Council has released three rate rise options for community consultation. These options include the base case (rate peg only) and two Special Variation (SV) scenarios. All options incorporate annual rate peg increases.

Option 1: No change – increased deterioration of infrastructure

- Rate peg only: 4% in 2026–27, 3% in 2027–28 and 2028–29.
- Cumulative increase: 10.33% by 2028–29.

Option 2 (SV): Treading water – restore renewal funding and address critical backlogs

- Additional increases: 20% in 2026–27, 10% in 2027–28, 6% in 2028–29.
- Cumulative increase: 39.92% (29.59% above rate peg) by 2028–29.

Option 3 (SV): An eye to the future – enhanced contribution to infrastructure investment and planning

- Additional increases: 23% in 2026–27, 14.58% in 2027–28, 8.32% in 2028–29.
- Cumulative increase: 52.66% (42.33% above rate peg) by 2028–29.

In addition to capacity to pay, Council will need to consider 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.

Option 3 is the staff-recommended option, and it is considered that ratepayers have the capacity to pay the rate increases proposed under this option.

About this Report

This report provides an analysis of a wide range of socio-economic factors and other data and evaluates the general financial capacity of ratepayers to pay the proposed rate changes. It also considers the financial vulnerability and exposure of different community groups within the local government area (LGA).

It analyses both LGA-wide data along with resident-specific data from five geographic groupings within the North Sydney LGA. These groupings have been selected because they have aligned geographic and socio-economic characteristics - utilising data from the North Sydney Council Community Profile¹

¹ [Employment status | North Sydney Council | Community profile](#)

These groupings are:

- Cammeray-Cremorne
- Kirribilli-Milsons Point-McMahons Point
- Neutral Bay-Cremorne Point-Kurraba Point
- North Sydney-Crows Nest
- Wollstonecraft-Waverton

A breakdown of the suburbs included within each grouping is detailed on pages 10 and 11 of this report.

Council submitted an application for a Special Variation (SV) in the previous financial year; however, the application was fully rejected by IPART. The accompanying Capacity to Pay report was prepared by external consultants and relied primarily on 2021 ABS Census data.

While the 2021 Census remains the most recent and authoritative dataset and continues to underpin this year's SV applications of all Councils, commissioning consultants again would be financially imprudent, especially given financial situation of North Sydney Council. Doing so would result in a report substantially similar to last year's, offering no additional value and incurring unnecessary expenditure.

For the 2026-27 SV application, Council has adopted a more robust and cost-effective approach by preparing the Capacity to Pay report in-house. This report continues to utilise ABS data as its foundation but has been enhanced through:

- incorporation of IPART's feedback from the previous SV application.
- integration of more current data and forward projections where available, supplementing the 2021 Census baseline.

This approach ensures that the report is tailored, evidence-based, and responsive to regulatory expectations, while demonstrating prudent financial management and accountability.

About the North Sydney LGA

North Sydney Council is predominantly a residential area but also has substantial commercial areas. Over two-thirds of housing is medium-density (units, townhouses, semi-detached dwellings, and terrace houses). The Council area encompasses a total land area of about 10.5 square kilometres.

Major features of the Council area include the North Sydney CBD, Admiralty House, Kirribilli House, Luna Park, HMAS Waterhen, Cammeray Golf Course, North Sydney Olympic Pool, North Sydney Oval, Primrose Park, Waverton Park, North Sydney Circle Walk, TAFE NSW Northern Sydney Institute (Bradfield Senior College), The Northern Sydney Institute (Crows Nest Campus), Australian Catholic University (North Sydney - MacKillop Campus), The Mater Hospital, The Coal Loader Centre for Sustainability, and the Sydney Harbour Bridge.

The LGA is characterised by a relatively high socioeconomic status, low unemployment rate, lower residential and business rates, and low levels of outstanding rates. All suburbs in the LGA

have lower disadvantage levels, and greater advantage levels, compared to the Greater Sydney, NSW and Australian results.

Residential rates

All parts of North Sydney Council's area exhibit a strong general capacity to pay higher rates. The socio-economic data such as high incomes, low unemployment, strong home values, and low rates delinquency indicate that the proposed Special Rate Variation (SV) can be introduced without undue financial strain on the majority of residential ratepayers. Each geographic grouping, despite minor demographic differences, reflects this overall affluence and stability. The analysis did not find any locality in North Sydney with systemic inability to pay; even the most "disadvantaged" pockets are still well above regional averages for income and advantage.

Council will continue to prioritise measures such as flexible payment plans and its Financial Hardship Policy, for the small number of vulnerable households, to ensure those on limited incomes are supported. The report emphasises that an appropriate hardship policy is a vital complement to any rate increase, to prevent marginalisation of vulnerable ratepayers. North Sydney Council has such provisions in place (and has recently refined them), which will serve to cushion pensioners, low-income earners, or others in genuine hardship from the impact of higher rates.

At the end of 2028-29, residential ratepayers would be paying an average (depending on the SV option) of between \$307 and \$481 more per year than they would under the normal rate increases.

The average increase in residential rates does not differ significantly among the five groups. The average annual increase would be between \$102 and \$160 per year (2026-27, 2027-28, 2028-29), or \$1.97 - \$3.09 per week.

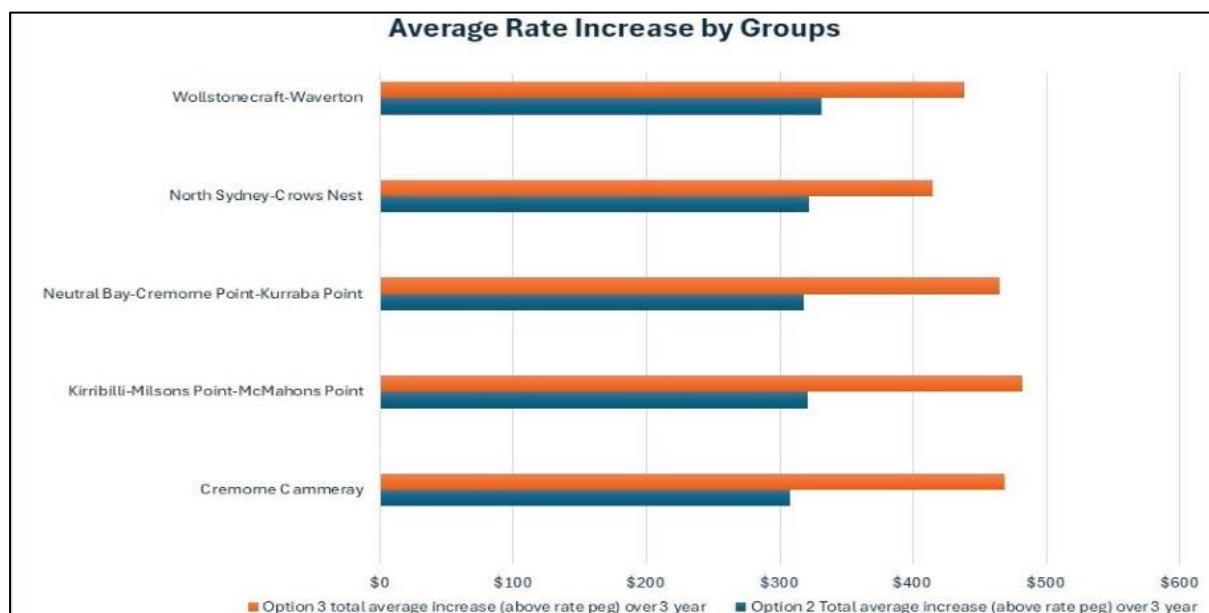


CHART 1: AVERAGE INCREASE BY GROUP - RESIDENTIAL (TOTAL INCREASE OVER 3 YEARS)

Business rates

North Sydney's business community demonstrates a strong capacity to absorb higher rates, supported by:

- Robust Economic Growth: The local economy grew by 33% over the past decade, with Gross Regional Product reaching \$12.2 billion and over 15,000 new full-time jobs added.
- High-Value Commercial Property: Office rents in North Sydney and St Leonards are among the highest in Greater Sydney, reflecting strong demand and business affluence.
- Affluent Market Environment: All suburbs rank in the top 1% nationally for socio-economic advantage, ensuring strong consumer spending and business viability.
- Resilient Business Mix: Dominated by professional services, tech, and finance sectors, which are high-income and low risk.
- Low Rates Arrears: Business rate arrears remain below 4%, consistently outperforming metropolitan benchmarks, indicating reliable payment behaviour.
- Geographic Strength: The North Sydney–Crows Nest grouping contributes over half of business rate revenue and shows the highest capacity, while smaller centres like Neutral Bay and Cammeray remain stable and well-supported by local affluence.

Council's hardship provisions remain available for isolated cases, however overall, the business sector is well-positioned to manage proposed rate increases without significant financial strain.

Due to the significant size of individual landholdings within North Sydney, the majority of business assessments are calculated using the Ad Valorem. Higher densities property holdings owned individually, by nature, have a higher average rate than those with smaller individual landholdings or strata developments. Due to the number of large business land holdings, the calculation of average increases under the SV are not reflective of the broader assessment base. The current average business rates are lower than those of comparable councils with a CBD.

At an overall level, North Sydney's average business rates currently sit towards the lower end (using 2023-24 OLG time series data) when compared against comparable councils – seventh lowest from 18 Councils in OLG Group 3 as presented in the table below.

| Ranking | Council | Average Business Rate (\$) |
|---------|----------------------|----------------------------|
| 1 | Georges River | 3,634 |
| 2 | Canada Bay | 3,705 |
| 3 | Sutherland | 3,726 |
| 4 | Northern Beaches | 4,047 |
| 5 | Ku-ring-gai | 4,454 |
| 6 | Bayside | 4,907 |
| 7 | North Sydney | 6,318 |
| 8 | Inner West | 6,696 |
| 9 | Liverpool | 6,766 |
| 10 | Willoughby | 7,236 |
| 11 | Waverley | 7,257 |
| 12 | Canterbury-Bankstown | 7,470 |
| 13 | Cumberland | 7,869 |

| Ranking | Council | Average Business Rate (\$) |
|---------|------------|----------------------------|
| 14 | Fairfield | 8,704 |
| 15 | Randwick | 9,556 |
| 16 | Blacktown | 10,939 |
| 17 | Ryde | 10,974 |
| 18 | Parramatta | 12,763 |

TABLE 1: AVERAGE BUSINESS RATES (2023-24)²

After breaking business rates into five geographical groups, on average, business ratepayers across the LGA will receive an increase of between \$671 and \$3,920 over three years, depending on the SV option selected.

From all the groupings, North Sydney-Crows Nest would receive the highest average increase in rates of between \$2,688 and \$3,920 over three years. This grouping contains 55% of the LGA's business ratepayers, however, due to the very positive indicators for the business community within the LGA, particularly within the suburb of North Sydney, as outlined below, it is considered that there is capacity to pay within this grouping.

Under the proposed scenarios, business rates will move to the mid-top end of this grouping of comparable councils. The substantial increase in jobs (15,722 FTE) and value added by industry (\$5,525 million) within the LGA over the past ten years, in addition to the high business rents per square metre in North Sydney and St Leonards, indicate a very healthy, competitive, and vibrant economy within the North Sydney LGA. All these factors indicate that there is capacity within the business community to absorb the potential rate rises.

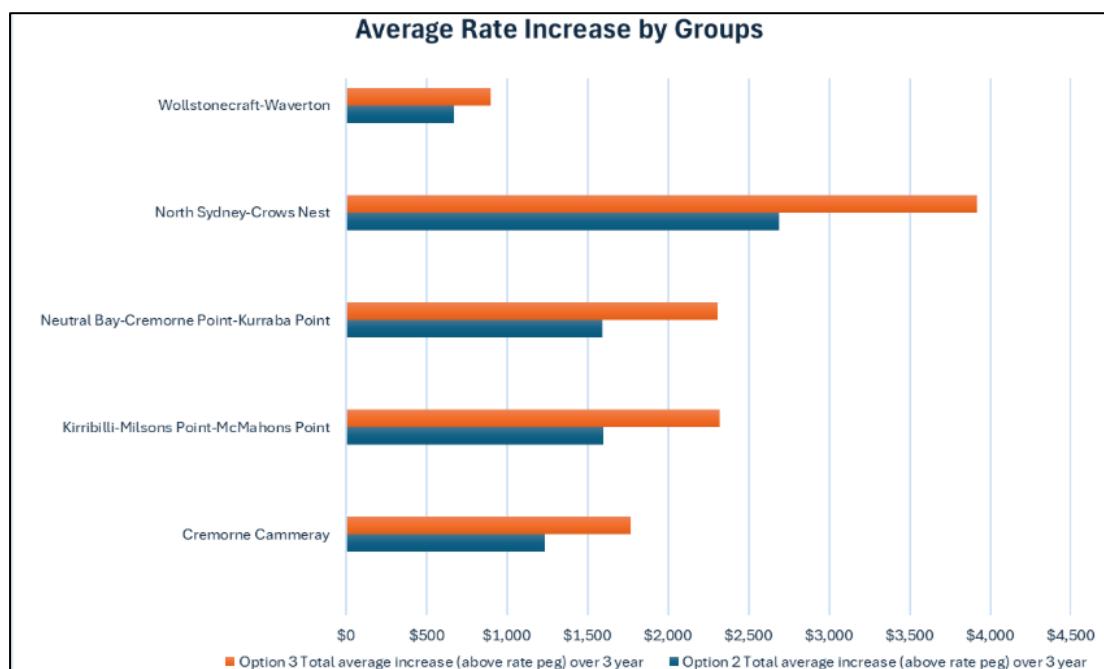


CHART 2: AVERAGE INCREASE BY GROUP – BUSINESS (TOTAL INCREASE OVER 3 YEARS)

- ² Time series data for NSW councils, maintained by the Office of Local Government (OLG)

Introduction

This report provides an analysis and evaluation of relative wealth and financial capacity; it looks at the financial vulnerability and exposure of different community groups within the LGA.

Key considerations include:

- regions of social disadvantage
- particularly vulnerable groups of individuals
- patterns of household expenditure

These findings will then be compared to proposed changes in rates to identify whether there are any groups or individuals that are being particularly impacted and/or marginalised. Data for this review was obtained from the following sources:

- Australian Bureau of Statistics 2016 and 2021 Census Data – Data by Regions
- Profile ID – North Sydney Council Community/Social/Economic Profiles
- Department of Social Services
- Time series data for NSW councils, maintained by the Office of Local Government (OLG)
- National Economics (NIEIR) - Modelled series

Background

For the purposes of this report, the North Sydney LGA is divided into five groupings. Council is looking to ensure that equity is maintained between areas, as each area has differing economic and socio-economic profiles. A summary of the groupings and the suburbs they encompass has been provided in Table 2 and Figure 1.

| Grouping | Population | Suburbs |
|---|------------|---|
| Cammeray-Cremorne (identified green on map) | 19,545 | Cammeray, Cremorne |
| Kirribilli-Milsons Point-McMahons Point (blue) | 10,183 | Kirribilli, McMahons Point, Milsons Point -Lavender Bay |
| Neutral Bay-Cremorne Point- Kurraba Point (yellow) | 14,193 | Cremorne Point, Kurraba Point, Neutral Bay |
| North Sydney-Crows Nest (grey) | 18,694 | Crows Nest - St Leonards, North Sydney |
| Wollstonecraft-Waverton (pink) | 11,537 | Waverton, Wollstonecraft |
| North Sydney Council total | 74,152 | |

TABLE 2: NORTH SYDNEY COUNCIL AREA GROUPING SUMMARY (2025)³

³ [Social Atlas | North Sydney Council area | atlas.id](https://socialatlas.id/northsydney)

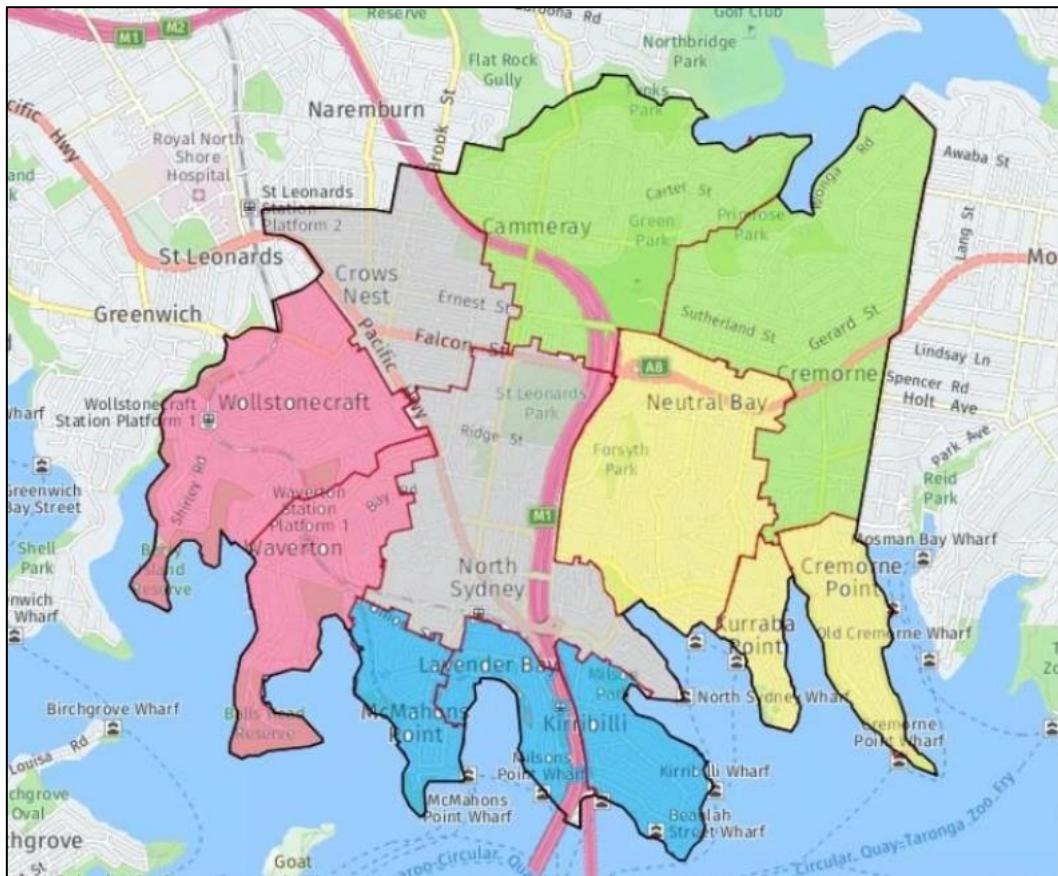


FIGURE 1: NORTH SYDNEY COUNCIL AREA MAP

Methodology

The methodology used in this report is grounded in OLG Criterion 3, which stipulates that Council must demonstrate the reasonableness of the impact on ratepayers. In undertaking this analysis, the report considers both quantitative and qualitative factors to ensure a comprehensive evaluation of community affordability and the fairness of the rate increase.

The report focuses on the following:

- **Areas of social disadvantage**

Investigate the characteristics and composition of each area to identify any regions experiencing social disadvantage. This investigation includes:

- Age structure of each region
- Typical household composition
- Household income, including the impact of dependants
- SEIFA (Socio-Economic Indexes for Areas) rankings

- **Particularly vulnerable groups of individuals**

Identify groups within each area who may be especially vulnerable and affected by changes in rates, even if the overall area is relatively wealthy. These include:

- Persons requiring or receiving core assistance
- Individuals currently unemployed

- Households experiencing housing stress
- Pensioners
- **Patterns in household expenditure**
Examine trends in household expenditure and discuss potential impacts on individuals' ability to pay.
- **Industry**
Compare employment by industry type, assess value added by each industry sector, and identify the key productive sectors.

The findings are then assessed against the proposed rating changes to identify whether any specific groups or individuals would experience a significant impact.

In addition, the report benchmarks North Sydney Council's average rates against those of other Group 3 councils and neighbouring councils, councils with comparable SEIFA rankings and councils with CBD areas. It also considers outstanding rates ratios and other indicators that provide insight into the community's capacity and willingness to pay increased rates.

Areas of social disadvantage and advantage

Each area has unique demographic characteristics. Our first step is to understand the people who live there - who they are, what they do, and how they live.

Socio-economic index

The Socio-Economic Indexes for Areas (SEIFA) is an economic tool developed by the ABS to rank areas in Australia according to their relative socio-economic advantage and disadvantage. It takes into consideration a broad range of variables such as income, education, employment, occupation, housing, etc., and is standardised such that the average Australian represents a score of 1,000.

This report explores two of the indexes published by the ABS:

- **Index of Relative Socio-Economic Disadvantage (IRSD)**
This index ranks areas from most disadvantaged to least disadvantaged, i.e. a lower score will have a greater proportion of relatively disadvantaged people in the area.
From this score, however you cannot conclude whether a high-ranking area will have a large portion of relatively advantaged people, just that it has a low proportion of disadvantage.
- **Index of Relative Socio-Economic Advantage and Disadvantage (IRSAD)**
This index considers variables of both advantage and disadvantage and, as such, scores and ranks areas from most disadvantaged to most advantaged.

The ABS has also published the variables which have the most impact on both indices, these include:

- IRSD variables of disadvantage:
 - low equivalised household incomes;
 - households with children and unemployed parents;
 - percentage of occupied dwellings with no internet connection;
 - percentage of employed people classified as labourers.
- IRSAD variables of advantage only (disadvantage similar to IRSD):
 - high equivalised household incomes;
 - percentage of households making high mortgage repayments;
 - percentage of employed people classified as professionals;
 - percentage of employed people classified as managers.

A comparison summary, including related comparison metro and national percentiles, is provided in the following table.

| Area | SEIFA IRSD | Percentile | SEIFA IRSAD | Percentile |
|----------------------------------|------------|------------|-------------|------------|
| Mosman Council area | 1,110 | 98 | 1,169 | 100 |
| Ku-ring-gai Council Area | 1,108 | 98 | 1,165 | 100 |
| Lane Cove Council Area | 1,105 | 98 | 1,162 | 100 |
| Hunters Hill Municipality | 1,101 | 97 | 1,156 | 100 |
| North Sydney Council area | 1,096 | 96 | 1,164 | 100 |
| NSROC Region | 1,085 | 92 | 1,137 | 99 |
| Hornsby Shire | 1,082 | 91 | 1,116 | 97 |
| Willoughby City | 1,075 | 88 | 1,142 | 99 |
| City of Ryde | 1,055 | 76 | 1,099 | 95 |
| Greater Sydney | 1,010 | 48 | 1,045 | 82 |
| Australia | 1,001 | 42 | 1,003 | 60 |
| New South Wales | 1,000 | 42 | 1,016 | 67 |

TABLE 3: COMPARISON SEIFA SCORES AND PERCENTILES (2021)⁴

North Sydney Council's IRSD score of 1,096.0 is well above the NSW and Greater Sydney rankings, and slightly above the NSROC ranking. The ranking places the LGA in the 96th percentile, meaning approximately 4% of Australian suburbs have a SEIFA ISRD ranking higher than this area (less disadvantaged), while 96% are lower (more disadvantaged).

IRSAD includes levels of both advantage and disadvantage. North Sydney Council's score of 1,164.1 places the LGA into the 100th percentile, meaning it is in the top 1% of areas for advantage. A higher IRSAD score compared to IRSD score is indicative of more opportunities within the LGA, e.g. higher equivalised incomes, higher education levels, more employment opportunities within the area or more skilled jobs.

The LGA therefore ranks notably higher than Greater Sydney and NSW and is slightly above the percentile ranking for the NSROC Region.

⁴ [Social Atlas | North Sydney Council area | atlas.id](https://socialatlas.idatlas.com.au/area/north-sydney-council-area)

A grouping-level summary is provided in the following table.

| Area | SEIFA IRSID | Percentile | SEIFA IRSAD | Percentile |
|---|-------------|------------|-------------|------------|
| Cammeray-Cremorne | 1,101 | 97 | 1,162 | 100 |
| Kirribilli-Milsons Point-McMahons Point | 1,082 | 88 | 1,161 | 100 |
| Neutral Bay-Cremorne Point-Kurraba Point | 1,105 | 97 | 1,169 | 100 |
| North Sydney-Crows Nest | 1,093 | 95 | 1,169 | 100 |
| Wollstonecraft-Waverton | 1,111 | 99 | 1,170 | 100 |

TABLE 4: GROUPING-LEVEL SEIFA SCORES AND PERCENTILES (2021)⁵

Analysis at the grouping level demonstrates some slight inequity between different areas of the LGA in relation to disadvantage. Wollstonecraft-Waverton is in the 99th percentile for IRSID scores, compared to Kirribilli-Milsons Point-McMahons Point which is slightly lower, in the 88th percentile. Both groupings, however, are in the 100th percentile for IRSAD, meaning that no other areas in Australia have higher levels of advantage. All other groupings sit within the 95th percentile or above for IRSID and all groupings are in the 100th percentile for IRSAD.

| Suburb | SEIFA IRSID | Percentile | SEIFA IRSAD | Percentile |
|-------------------------------------|-------------|------------|-------------|------------|
| Kurraba Point | 1118.4 | 99 | 1178.7 | 100 |
| Wollstonecraft | 1112.0 | 99 | 1170.9 | 100 |
| Waverton | 1109.5 | 98 | 1170.0 | 100 |
| Cremorne Point | 1108.3 | 98 | 1174.5 | 100 |
| McMahons Point | 1104.2 | 97 | 1172.5 | 100 |
| Cammeray | 1103.2 | 97 | 1164.2 | 100 |
| Cremorne | 1097.8 | 96 | 1160.5 | 100 |
| Crows Nest – St Leonards | 1097.3 | 96 | 1172.8 | 100 |
| Milsons Point – Lavendar Bay | 1092.3 | 95 | 1175.9 | 100 |
| North Sydney | 1089.2 | 94 | 1165.7 | 100 |
| Neutral Bay | 1087.5 | 93 | 1153.0 | 99 |
| Kirribilli | 1049.8 | 72 | 1135.4 | 99 |

TABLE 5: SUBURB SEIFA RANKINGS (2021)⁶

When scoring is considered at a suburb level, as shown in Table 5 on the previous page, it identifies that one suburb (Kirribilli) scores lower than other suburbs within the LGA in relation to IRSID, however this is still well above the Greater Sydney average. When advantage is also considered, Kirribilli sits within the 99th percentile, with all suburbs sitting within either 99th or 100th percentile. Kirribilli can therefore be considered to have some pockets of disadvantage, including being home to over 300 community housing units, however, overall is considered an extremely advantaged suburb, with substantial opportunity and wealth.

⁵ [Social atlas | North Sydney Council area | atlas.id](#)

⁶ [Social atlas | North Sydney Council area | atlas.id](#)

Summary

North Sydney Council ranks among the most advantaged areas in Australia, with all suburbs in the top 1–2% nationally for socio-economic advantage. The LGA's SEIFA scores are well above state and Sydney averages, indicating very low levels of disadvantage and high levels of opportunity, income, and education across all groupings. While there are minor differences between suburbs, every area is classified as highly advantaged.

The North Sydney LGA is one of the most advantaged areas in Australia and LGA's socio-economic profile reflects exceptional capacity to pay.

Service age groups

Age profiles are used to understand the demand for age-based services as well as the income-earning status of the population. Data has been broken into groups that are reflective of typical life stages. This provides insight into the number of dependants, size of the workforce, and number of retirees in each area.

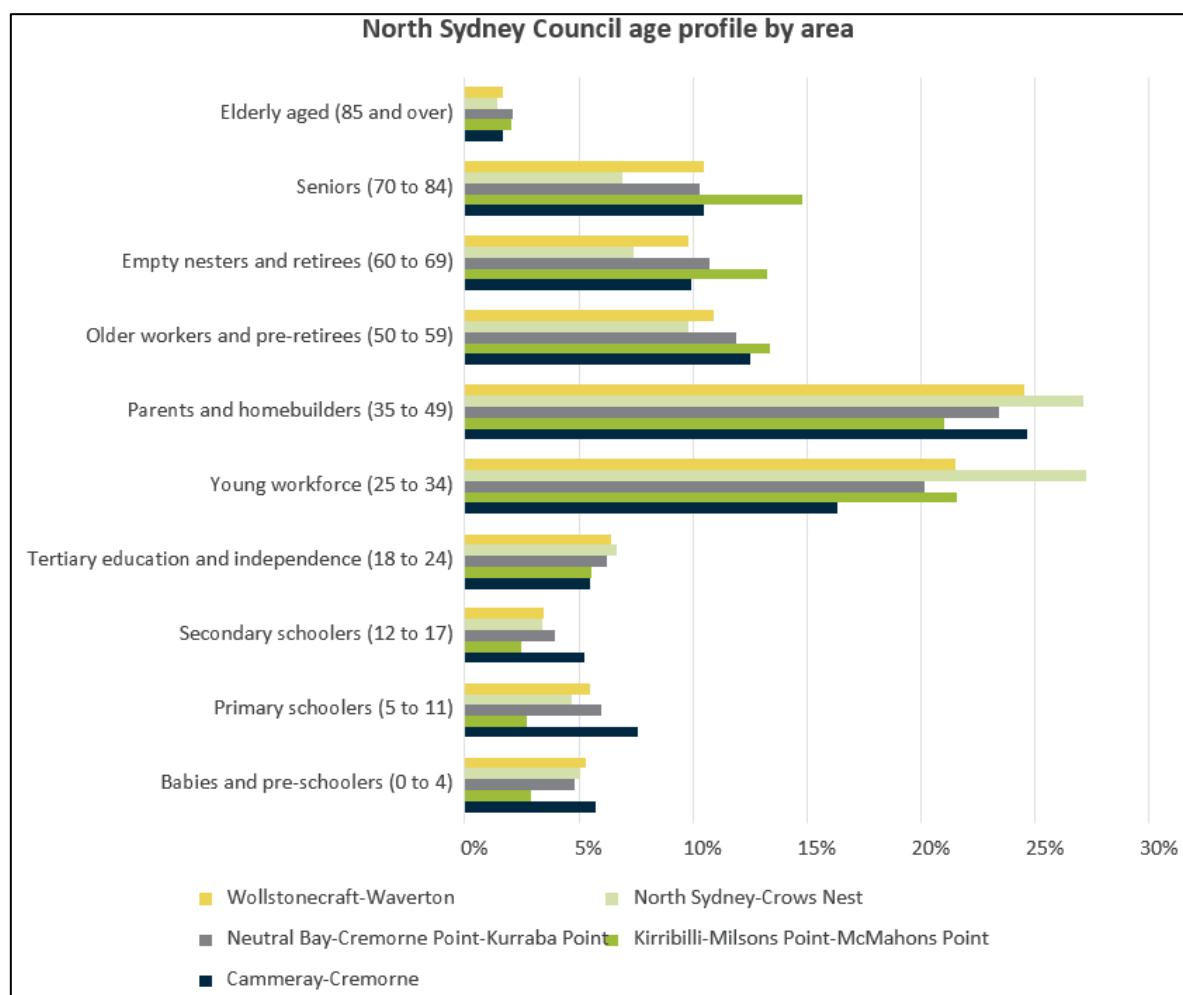


CHART 3: SERVICE AGE GROUPS (2021)⁷

⁷ [Home | North Sydney Council | Community profile](#)

Grouping these results in terms of the following categories, dependants (0-17 years), workforce (18-59 years), and retirees (60-85+ years), and ranking them in terms of proportion of population (with one representing the largest proportion) generates the following results.

| Rank | Cammeray-Cremorne | Kirribilli-Milsons Point-McMahons Point | Neutral Bay-Cremorne Point-Kurraba Point | North Sydney-Crows Nest | Wollstonecraft-Waverton |
|--------------------|-------------------|---|--|-------------------------|-------------------------|
| Dependents | 1 | 5 | 2 | 4 | 3 |
| Working Age | 5 | 4 | 3 | 1 | 2 |
| Retirees | 3 | 1 | 2 | 5 | 4 |

TABLE 6: SERVICE AGE RANKINGS (2021)⁷

At an LGA level, there is a notably higher proportion in the working age group (64%), compared with the Greater Sydney average of 58% and North Sydney Regional Organisation of Councils (NSROC) average of 56%. This is particularly due to a higher percentage of young workforce (25 to 34) at 21%, compared to the NSROC average of 13% and Greater Sydney of 16%. Conversely, there is a much lower proportion in the dependents age group (15%), compared to the NSROC average (21%) and Greater Sydney and NSW averages (both 22%). This is mainly caused by a lower proportion in the primary schooler and secondary schooler groupings.

Looking into specific areas, we observe the following:

- Cammeray-Cremorne – has the highest proportion of dependents (19%), however this is still below the NSROC and Greater Sydney averages (21% and 22% respectively), and it has the lowest proportion of working age (59%), however this is still above NSROC and Greater Sydney averages (56% and 58% respectively).
- 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).
- Neutral Bay-Cremorne Point-Kurraba Point – second highest for dependents (15%) and retirees (23%).
- North Sydney-Crows Nest – has the highest proportion of working age (71%) and lowest proportion of retirees (16%), which is notable lower than NSROC and Greater Sydney (23% and 20%).
- Wollstonecraft-Waverton – has the second highest proportion of working age (64%) and second lowest proportion of retirees (22%).

Summary

North Sydney's demographic profile supports its capacity to pay higher rates, with a large working-age population (64%), a strong presence of young professionals, and low dependency ratios (15%) compared to regional averages. These factors, combined with high income levels, indicate households are well positioned to absorb moderate rate increases.

Household types

Alongside the age structure of each region, it is important to determine the typical trends in the make-up of households. This provides a complete picture of the people, families, and communities in each area. A summary of household type is provided in the following chart.

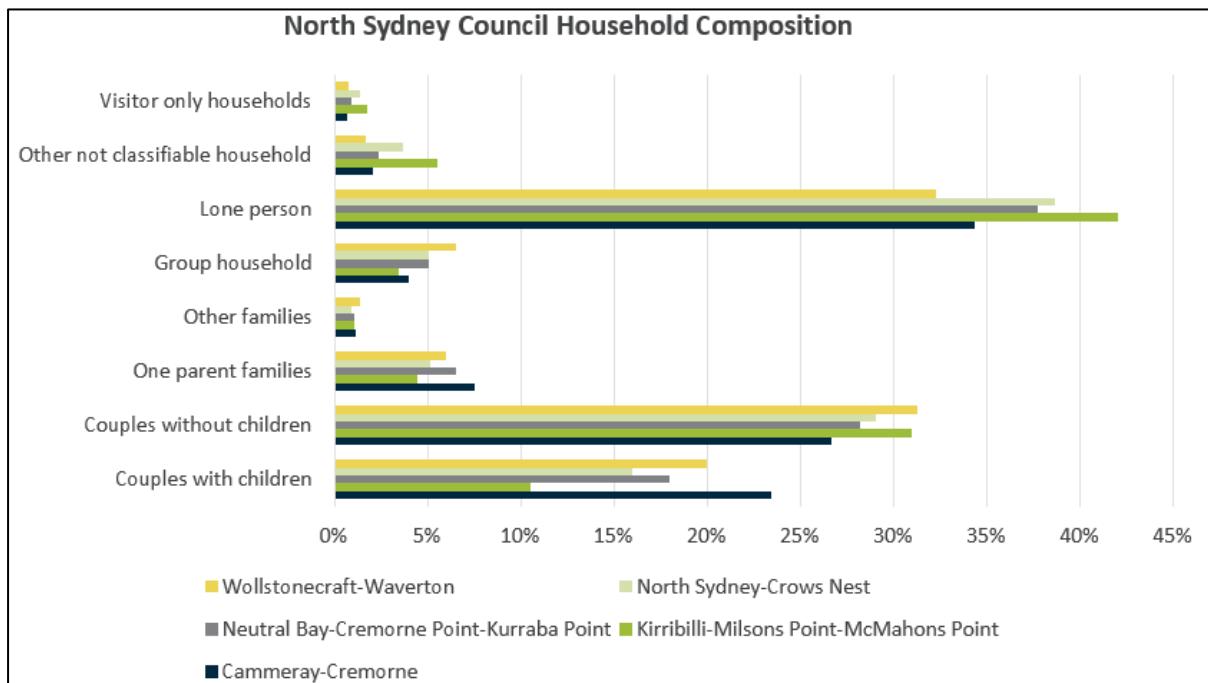


CHART 4: NORTH SYDNEY HOUSEHOLD COMPOSITION (2021)⁷

Overall, the proportion of one parent households in the LGA (6%) is lower than the NSROC and Greater Sydney averages, at 8% and 10% respectively. The proportion of couples with children in the LGA (18%) is significantly lower than the NSROC and Greater Sydney averages (36% and 34%). This is predominantly a result of the very low proportion in Kirribilli-Milsons Point-McMahons Point (11%).

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 is 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.

There is a higher proportion of 'at risk' households in the Kirribilli-Milsons Point-McMahons Point grouping at 47%, particularly when compared to the Wollstonecraft-Waverton grouping which has 32% in this category.

Summary

North Sydney Council has a higher proportion of households classified as 'at risk' (43%) compared to regional averages and this could suggest a reduced capacity to pay when considered in isolation from other indicators. However, this figure is largely driven by the

prevalence of lone-person households rather than one-parent families. Importantly, these lone-person households in North Sydney tend to be financially secure, well-educated professionals or retirees, rather than individuals experiencing economic hardship. The socio-economic profile of the area supports this distinction.

Only 4% of rateable dwellings in North Sydney receive pensioner rebates, which is significantly lower than in comparable metropolitan councils. This demonstrates that the proportion of elderly residents on fixed incomes is relatively small, and that most retirees in the area are not financially vulnerable. Furthermore, 2.5% of residents require daily assistance with core activities which is less than half the rate seen across Greater Sydney (5.2%), indicating a healthier, more independent population with fewer households facing compounded financial or care burdens.

The broader financial indicators reinforce this picture. Approximately 77% of households fall into the top half of NSW's income distribution, compared to around 55% in Greater Sydney. Even among lone-person households, many are high-income earners or homeowners with substantial equity, capable of meeting rate obligations without difficulty. Rates arrears remain consistently low, with only 3.7% of rates outstanding in 2024 which is well below the 5% benchmark, demonstrating that the community reliably meets its financial commitments.

Taken together, these factors show that while North Sydney may have more lone-person households, they are not inherently vulnerable in this context. The combination of high incomes, low pensioner dependency, minimal disability support needs, and strong payment history all point to a community with the capacity to absorb rate increases without widespread hardship.

Council's *Financial Hardship Policy* remains an important safety net for isolated cases, but the overall profile of ratepayers supports the conclusion that North Sydney remains well-positioned to manage higher rates.

Housing tenure

Analysis of housing tenure levels within the LGA provides insights into which households are most directly impacted by changes in council rates. Rate increases are borne directly by owner-occupiers, while renters are not expected to experience an immediate or equivalent impact due to the nature of residential lease arrangements.

Although rate increases may be passed through to tenants over the longer term, rental prices are primarily determined by market conditions rather than individual property outgoings. For example, it is unlikely that an equivalent rental property located on the North Sydney side of an LGA boundary would attract a materially different market rent to a comparable property on the Mosman side of the same street solely due to differences in council rates, or borrowing costs etc., borne by the owner of the property.

Private rental properties, which make up 49% of residential dwellings in North Sydney, are predominantly owned by investors, who can offset rate increases through taxation deductions

and other concessions available for rental outgoings. As a result, the net financial impact of rate increases on investor-owned properties is generally lower than that experienced by owner-occupied households.

Social housing rents are typically calculated as a percentage of household income, plus any Commonwealth Rent Assistance, making them income-dependent rather than based purely on market rates or outgoings.⁸ Consequently, these households are largely insulated from changes in council rates.

| Housing Tenure - % of households | Cammeray-Cremorne | Kirribilli-Milsons Point-McMahons Point | Neutral Bay-Cremorne Point-Kurraba Point | North Sydney-Crows Nest | Wollstonecraft-Waverton | North Sydney LGA |
|----------------------------------|-------------------|---|--|-------------------------|-------------------------|------------------|
| Fully owned | 29% | 25% | 26% | 17% | 28% | 25% |
| Mortgage | 24% | 12% | 20% | 19% | 21% | 20% |
| Renting – Total | 43% | 54% | 50% | 58% | 48% | 50% |
| Renting – Social housing | 1% | 6% | 0% | 1% | 2% | 2% |
| Renting – Private | 42% | 48% | 49% | 57% | 46% | 49% |
| Renting – Not stated | 0% | 0% | 0% | 0% | 0% | 0% |
| Other tenure type | 1% | 2% | 1% | 2% | 2% | 2% |
| Not stated | 3% | 7% | 3% | 4% | 2% | 4% |
| Total households | 8,416 | 5,133 | 6,640 | 8,324 | 5,263 | 33,790 |

TABLE 7: NORTH SYDNEY COUNCIL HOUSING TENURE (2021)⁹

The North Sydney LGA resident ratepayer (fully owned plus mortgaged) average of 45% is significantly lower than the NSROC (62%), Greater Sydney (59%), and NSW (61%) averages. When reviewing at an area level, the proportion of resident ratepayers ranges widely from North Sydney-Crows Nest (36%), which is well below all comparison averages, up to Cammeray-Cremorne (53%), which, although higher, is still below comparable region averages.

The LGA has notably lower households with a mortgage (20%) compared to NSROC (31%) and Greater Sydney (32%) – this is particularly noticeable in Kirribilli-Milsons Point-McMahons Point, which has 12% of households with a mortgage. North Sydney-Crows Nest has the lowest proportion of fully owned homes, at 17%, whereas the overall LGA average (25%) is more in line with the Greater Sydney average (27%). Higher levels are generally indicative of higher household wealth and therefore increased capacity to pay; however, it is worth noting that property ownership is not always indicative of higher income or excess disposable income.

⁸ NSW Community Housing Rent Policy

⁹ [Housing tenure | North Sydney Council | Community profile](#)

The LGA overall has very high levels of private renters (49%), however there is a range when groupings are compared, with Cammeray-Cremorne having a 42% proportion of private renters, and North Sydney-Crows Nest 57%. The overall LGA private renter average is well above the NSROC and Greater Sydney averages (33% and 35% respectively). As outlined above, while it is possible that rate increases could be passed on over the longer term, rental prices are typically driven by market forces rather than outgoings. Most renters live in apartments, which are generally subject to the minimum residential rate. Under Option 3, this minimum rate will increase by \$396 cumulative over three years, which is \$7.60 per week. Compared to the median weekly unit rent of \$800 in North Sydney, this represents less than 1% of weekly rent, suggesting that investors and lessees can absorb the increase without significant hardship. This does not take into account likely tax benefits which would reduce the impact further.

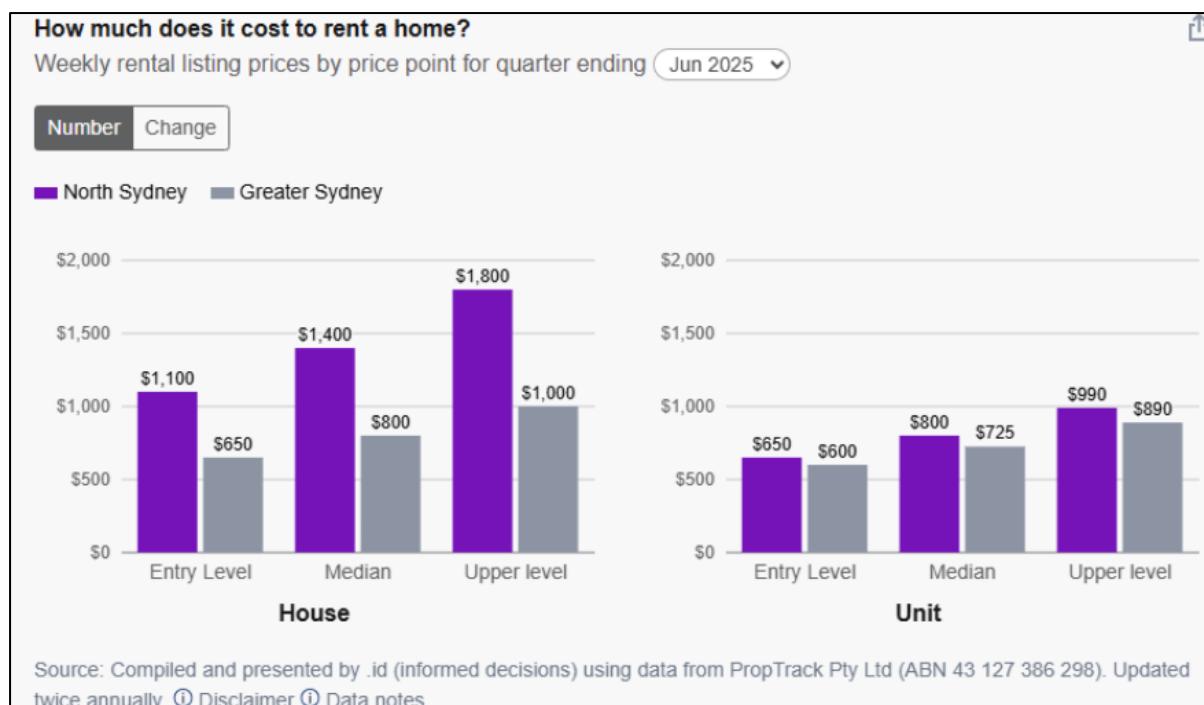


CHART 5: WEEKLY RENTAL PRICE COMPARISON OF NORTH SYDNEY AND GREATER SYDNEY (2025)¹⁰

The chart on the next page demonstrates that rental prices follow general market forces, with the North Sydney market closely tracking the broader trends observed across Greater Sydney. This alignment suggests that, despite local variations, the pricing dynamics in North Sydney are largely influenced by the wider Sydney rental market.

¹⁰ [North Sydney Council | housing monitor](#)

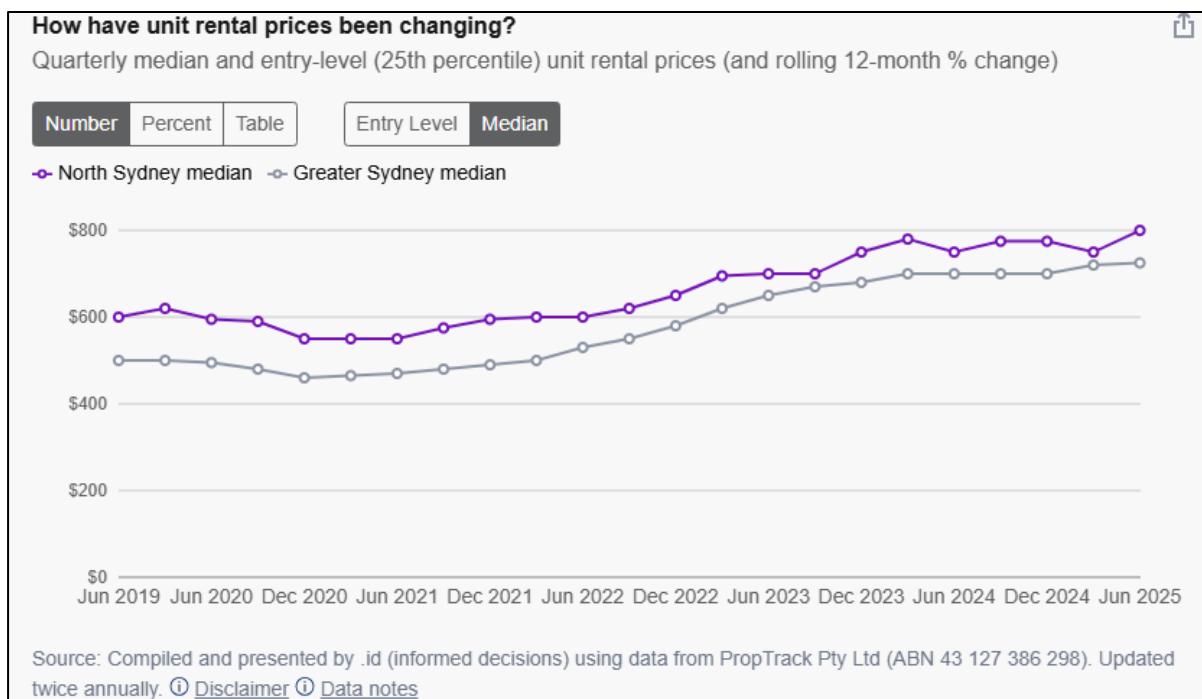


CHART 6 :UNIT PRICES TREND COMPARISON OF NORTH SYDNEY AND GREATER SYDNEY¹¹

Kirribilli-Milsons Point-McMahons Point contains the majority of the LGA's social housing (52%) as 6% of its households fall into this category; this is driven by Kirribilli which has a 12% proportion of its households living in social housing. Residents in social housing do not pay rates and are unlikely to be impacted by the increase. Rentals are typically set as a percentage of household income, plus any Commonwealth Rent Assistance, making them income-dependent rather than based purely on market rates or outgoings.

Summary

While homeowners will experience the most direct impact from rate changes, the overall financial impact on most renters is expected to be minimal, given the small proportion of rate increases relative to median rents, the nature of market pricing, and the possible tax concessions enjoyed by investors.

Household income

North Sydney LGA ranks among the most affluent communities in Australia. Even when adjusting for household size (using equivalised income, which standardises income to a “per standard household” basis), North Sydney’s incomes are significantly higher than Greater Sydney and the NSROC region.

Median weekly household income (gross, 2021 Census): \$2,526 per week. This is the actual median income of households in 2021, unadjusted for household size, and far exceeds the Greater Sydney median of \$2,099. Within the City, median household incomes range from a low of \$2,310 in Kirribilli to a high of \$3,202 in Kurraba Point.

¹¹ [North Sydney Council | housing monitor](#)

Analysis of household income levels in North Sydney Council area in 2021 compared to Greater Sydney shows that there was a larger proportion of high-income households (those earning \$3,000 per week or more) and a lower proportion of low-income households (those earning less than \$800 per week).

Overall, 43.2% of the households earned a high income and 12.0% were low-income households, compared with 30.1% and 17.9% respectively for Greater Sydney.

When adjusted for household size (*equivalised*), North Sydney's median remains well above state averages – in fact, over three-quarters of North Sydney households had an equivalised income above the NSW median in 2021.

Equivalised household income can be viewed as an indicator of the economic resources available to a standardised household. It is calculated by dividing total household income by an equivalence factor. The factor is calculated in the following way:

- first adult = 1
- each additional adult + child over 15 = + 0.5
- each child under 15 = + 0.3.

Dividing by the equivalence factor, household income becomes comparable to that of a lone individual, thereby making households with dependants and multiple occupants comparable to those without. By factoring in dependants into household incomes, we are provided with a better indicator of the resources available to a household.

As this is a relative comparison, data has been presented in quartiles; regions of disadvantage will have a higher proportion of households in the bottom two quartiles than those of greater wealth and advantage. These quartiles were determined by reviewing the distribution of household incomes within NSW and then dividing them into four equal groups or quartiles.

The data has been presented in ranges for the following equivalised weekly income levels for 2021:

- Lowest: \$0 - \$603 – this range is representative of the bottom 25% of all equivalised household incomes in NSW.
- Medium lowest: \$604 - \$1,096 – this range is representative of the bottom 25% - 50% of all equivalised household incomes in NSW.
- Medium highest: \$1,097 - \$1,770 – this range is representative of the top 25% - 50% of all equivalised household incomes in NSW.
- Highest: \$1,771 and over – this range is representative of the top 25% of all equivalised household incomes in NSW.

Chart 7 compares equivalised North Sydney income to Greater Sydney.

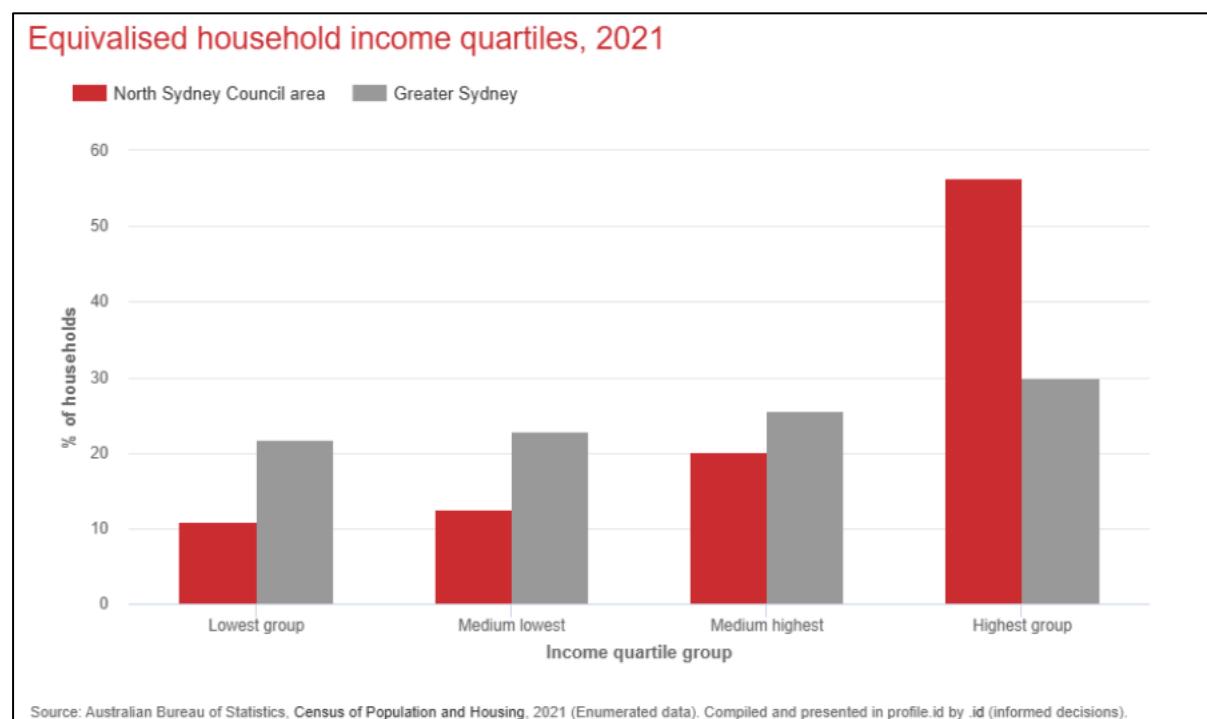


CHART 7: EQUIVALISED HOUSEHOLD INCOME QUARTILES (2021)¹²

Chart 8 summarises the equivalised household income ranges for each area.

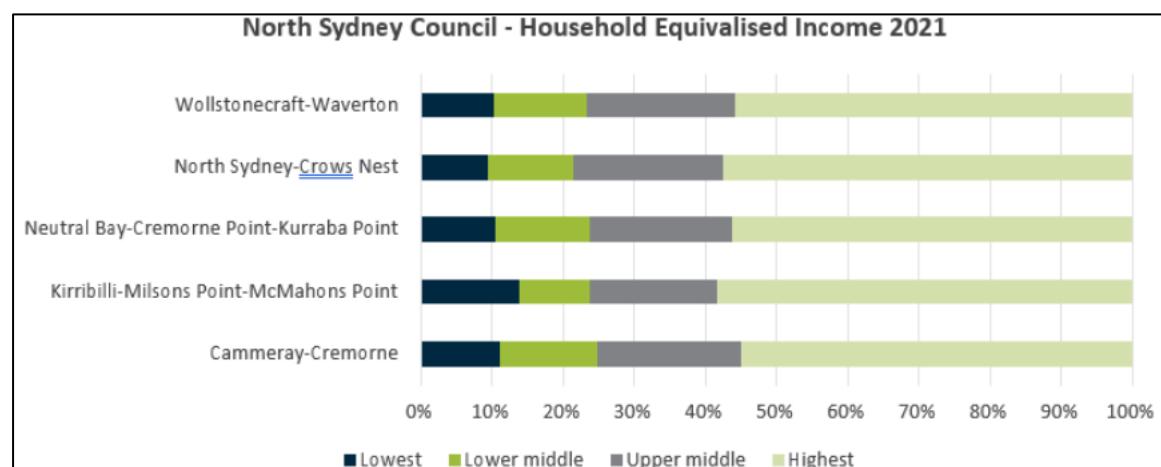


CHART 8: NORTH SYDNEY COUNCIL - HOUSEHOLD EQUIVALISED INCOME (2021)¹¹

The LGA as a whole has significantly higher proportions in the upper two income quartiles, at 77% compared to 55% for Greater Sydney and 67% for NSROC. All profile areas within the LGA also have at least 75% of their households in the highest two quartiles. The LGA also has notably lower proportions in the lowest two quartiles, at 23% compared to 45% for Greater Sydney, and 33% for NSROC.

¹² [Equivalised household income | North Sydney Council | Community profile](#)

The most significant change in North Sydney Council area between 2016 and 2021 was in the medium highest quartile which showed an increase of 1,050 households.

There does not appear to be much income disparity across the LGA, as shown in the following observations from the data:

- Cammeray-Cremorne has the highest proportion in the lowest two income quartiles (25%), whereas North Sydney-Crows Nest has the lowest proportion (22%).
- North Sydney-Crows Nest has the highest proportion (78%) in the highest two income quartiles, whereas Cammeray-Cremorne has the lowest proportion (75%).

Summary

North Sydney LGA is highly affluent, with a median weekly household income of \$2,526, well above Greater Sydney (\$2,099). 43% of households earn \$3,000+ per week, and only 12% are low-income, compared to 30% and 18% regionally. When adjusted for household size, 77% of households fall into the top two income quartiles, confirming strong economic capacity and minimal disparity across the LGA.

Residential rates to annual household income ratio

The chart below demonstrates the ratio between annual average residential rates and median annual household income for North Sydney Council, in comparison to metropolitan and fringe metropolitan councils, based on information from ABS and Time Series data 2023-24. The ratio for North Sydney residents is the second lowest out of 33 councils, indicating that North Sydney residents spend the second lowest percentage of their household income on rates. In fact, the ratios for Wollondilly, Central Coast, Burwood, Campbelltown, Canterbury-Bankstown, Hawkesbury, and Penrith are more than double that of North Sydney. This suggests that there is capacity for North Sydney ratepayers to pay higher rates.

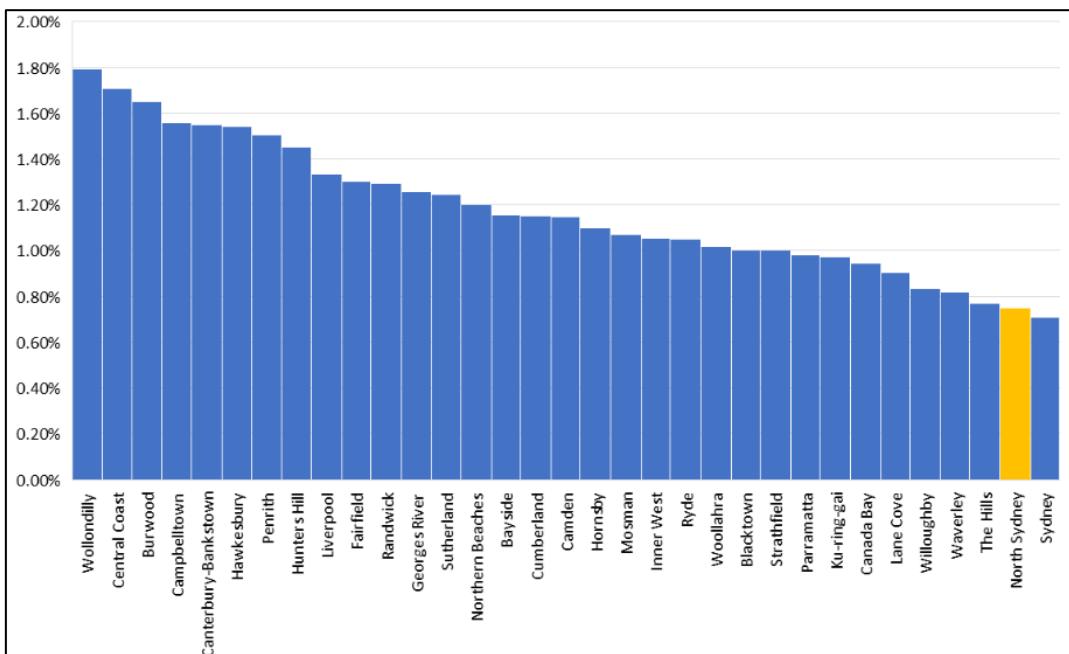


CHART 9: AVERAGE RESIDENTIAL RATE TO MEDIAN HOUSEHOLD INCOME (2023/24)¹³

Summary

North Sydney residents spend one of the lowest proportions of household income on council rates among 33 metropolitan and fringe councils - second lowest overall. In contrast, several councils have ratios more than double North Sydney's. This indicates strong capacity for North Sydney ratepayers to absorb potential rate increases without significant financial strain.

Vulnerable groups or individuals

This section of the report considers whether there are any spatial patterns of individuals or groups who either need additional community services or are more sensitive to a change in rates.

Workforce status

The levels of full or part-time employment and unemployment are indicative of the strength of the local economy and social characteristics of the population.

| Workforce status | Cammeray-Cremorne | Kirribilli-Milsons Point-McMahons Pt | Neutral Bay-Cremorne Point-Kurraba Point | North Sydney-Crows Nest | Wollstonecraft-Waverton | North Sydney LGA |
|------------------|-------------------|--------------------------------------|--|-------------------------|-------------------------|------------------|
| Employed | 97% | 96% | 96% | 97% | 97% | 97% |

- ¹³ Time series data for NSW councils, maintained by the Office of Local Government (OLG) and ABS data

| | | | | | | |
|---------------------------------------|---------------|--------------|--------------|---------------|--------------|---------------|
| Employed full-time | 66% | 68% | 67% | 71% | 70% | 68% |
| Employed part-time (p/t) | 24% | 22% | 50% | 58% | 48% | 50% |
| Employed, away from work | 7% | 6% | 7% | 7% | 6% | 7% |
| Unemployed (Unemployment rate) | 3% | 4% | 4% | 3% | 3% | 3% |
| Looking for full-time work | 2% | 3% | 2% | 2% | 2% | 2% |
| Looking for p/t work | 1% | 1% | 2% | 1% | 1% | 1% |
| Total labour force | 10,799 | 5,644 | 8,468 | 10,763 | 6,980 | 42,668 |

TABLE 8: COMMUNITY WORKFORCE STATUS (2021)¹⁴

Note: Pensioners and other non-participants are not included in the total labour force.

In 2021, unemployment within the LGA (3%) was slightly below the averages for the NSROC (4%), Greater Sydney, and NSW (both 5%). The unemployment rate average is relatively consistent across all groupings, with Kirribilli-Milsons Point-McMahons Point and Neutral Bay-Cremorne Point-Kurraba Point both more in line with the NSROC average at 4%. According to the Labour Market Dashboard prepared by Australian Government – Jobs and Skills Australia, as at the end of June 2025, the unemployment rate as at the end of June 2025, remained within the 4% range. This indicates that the workforce landscape hasn't significantly changed and using 2021 data as a baseline is appropriate.

Summary

A low unemployment rate is a strong indicator of ratepayers' capacity to pay.

Pensioners

A distinction is made between retirees, and eligible pensioners. To be classified as a pensioner for the purposes of receiving rates rebates, ratepayers must be receiving Centrelink payments such as the age pension or have partial capacity to work such as having a disability, being a carer or being a low-income parent. These individuals have reduced income streams and can be vulnerable to financial shocks and price rises. The following table shows the number of assessments receiving pensioner rebates compared to the total number of assessments for that area.

| Group Category | Statutory pensioner assessments | Total Assessments | Statutory pensioner assessments % |
|--|---------------------------------|-------------------|-----------------------------------|
| Cammeray-Cremorne | 444 | 8,977 | 5% |
| Kirribilli-Milsons Point-McMahons Point | 117 | 5,830 | 2% |
| Neutral Bay-Cremorne Point-Kurraba Point | 266 | 7,421 | 4% |

¹⁴ [Employment status | North Sydney Council | Community profile](#)

| | | | |
|--------------------------------|--------------|---------------|-----------|
| North Sydney-Crows Nest | 279 | 9,407 | 3% |
| Wollstonecraft-Waverton | 226 | 5,712 | 4% |
| Grand Total | 1,332 | 37,347 | 4% |

TABLE 9: PENSIONERS RECEIVING REBATES COMPARED TO TOTAL NO. OF ASSESSMENTS (2023/24)

It is observed that the grouping with the largest proportion of pensioners is Cammeray-Cremorne (5%), which has 34% of the LGA's pensioners (444 individuals). Kirribilli-Milsons Point-McMahons Point has the lowest proportion and number of pensioner rebates, at 2% or 117 individuals, which is lower than the LGA average of 4%.

The average proportion of residential pensioners across Group 3 councils is 10%, with a range from 4% to 21%. North Sydney sits at the lowest end of this range, despite 16.7% of its population being aged 65 and over (compared to 15.2% for Greater Sydney and 17.4% for the NSROC region).

Eligible pensioners have access to mandatory rebates (up to a maximum of \$250 per year) on their rates. In addition to the mandatory rebates, North Sydney Council also offers further support to pensioners through a voluntary domestic waste rebate, providing a 50% discount on the standard Domestic Waste Management Charge (DWMC), which equates to \$242 in the 2025/26 financial year.

Summary

Only 4% of North Sydney assessments receive statutory pensioner rebates, compared to a Group 3 council average of 10%, despite 16.7% of the population being aged 65+. This low uptake reflects that most retirees are not eligible for concessions, indicating they have sufficient financial resources. Eligible pensioners receive mandatory rebates of up to \$250 per year, plus a voluntary domestic waste rebate of \$242, ensuring support for those most in need.

The low proportion of pensioner concessions, despite a sizeable retiree population, is a strong indicator of high overall capacity to pay among retirees in North Sydney.

Core assistance

Table 10 highlights the areas within the LGA that have higher concentrations of people who need assistance in their day-to-day lives with self-care, body movements, or communication – because of a disability, long-term health condition, or old age.

| Assistance required | Number | Percentage |
|---|--------------|--------------|
| Cammeray-Cremorne | 419 | 2% |
| Kirribilli-Milsons Point-McMahons Point | 301 | 3% |
| Neutral Bay-Cremorne Point-Kurraba Point | 310 | 2% |
| North Sydney-Crows Nest | 394 | 2% |
| Wollstonecraft-Waverton | 301 | 3% |
| North Sydney LGA | 1,713 | 2.5 % |

TABLE 10: NUMBER OF PEOPLE REQUIRING CORE ASSISTANCE (2021)¹⁵

Kirribilli-Milsons Point-McMahons Point and Wollstonecraft-Waverton have a slightly higher proportion (3%) of individuals requiring assistance compared to the remaining three groupings (2%). The LGA overall is below the NSROC (4%), Greater Sydney (5%), and NSW (6%) averages

Summary

2.5% of North Sydney residents require core assistance with daily activities, well below NSROC (4%), Greater Sydney (5%), and NSW (6%) averages. Even in the highest groupings - Kirribilli-Milsons Point-McMahons Point and Wollstonecraft-Waverton - the proportion is 3%, indicating a relatively small vulnerable population compared to other regions.

Housing stress

Housing stress is a specific term which refers to households having trouble meeting their financial housing obligations – rent or mortgage payments. For those who are purchasing or renting their dwellings, we use the definition of housing stress used by some State Governments across Australia, which is households in prescribed income brackets, spending more than 30% of their gross household income on either rent or mortgage repayments. Income brackets for this definition are classified as Very Low (< 50% of median), Low (50% to 80% of median), and Moderate (80% to 120% of median). Households on high incomes are not counted as being in housing stress, even if payments are above 30% of income, as this is more likely to contain an element of choice (e.g. paying extra on a mortgage to complete the loan sooner).

Housing stress is expressed as a percentage of total households, (i.e. includes full homeowners) and so is often lower than either mortgage or rental stress on its own.

Households facing housing stress are highly likely to be under significant financial stress and vulnerable to sudden increases in council rates.

Within the North Sydney Council area, 3,134 households, accounting for 9.3% of all households, are experiencing housing stress, which may involve either mortgage or rental stress as discussed in greater detail in this report.

Mortgage stress

A comparison of households - where mortgage costs exceed 30% of income - is as follows (excluding high and very high-income brackets as required by “housing stress” definition): of the 6,636 households with a mortgage in North Sydney, 538 (8.1%) are in mortgage stress. This is significantly lower than the Greater Sydney average of 14.5%.

Each of the geographical areas, as summarised in the table below, individually does not exceed the Greater Sydney average for mortgage stress.

¹⁵ [Need for assistance | North Sydney Council | Community profile](#)

The North Sydney–Lavender Bay area exhibits the highest level of mortgage stress within the region, affecting 9.6% of households. This equates to 93 households experiencing mortgage repayments that exceed 30% of their gross income. Despite being the highest in the local government area, this proportion remains below the benchmarks for the broader region, indicating comparatively lower levels of vulnerability.

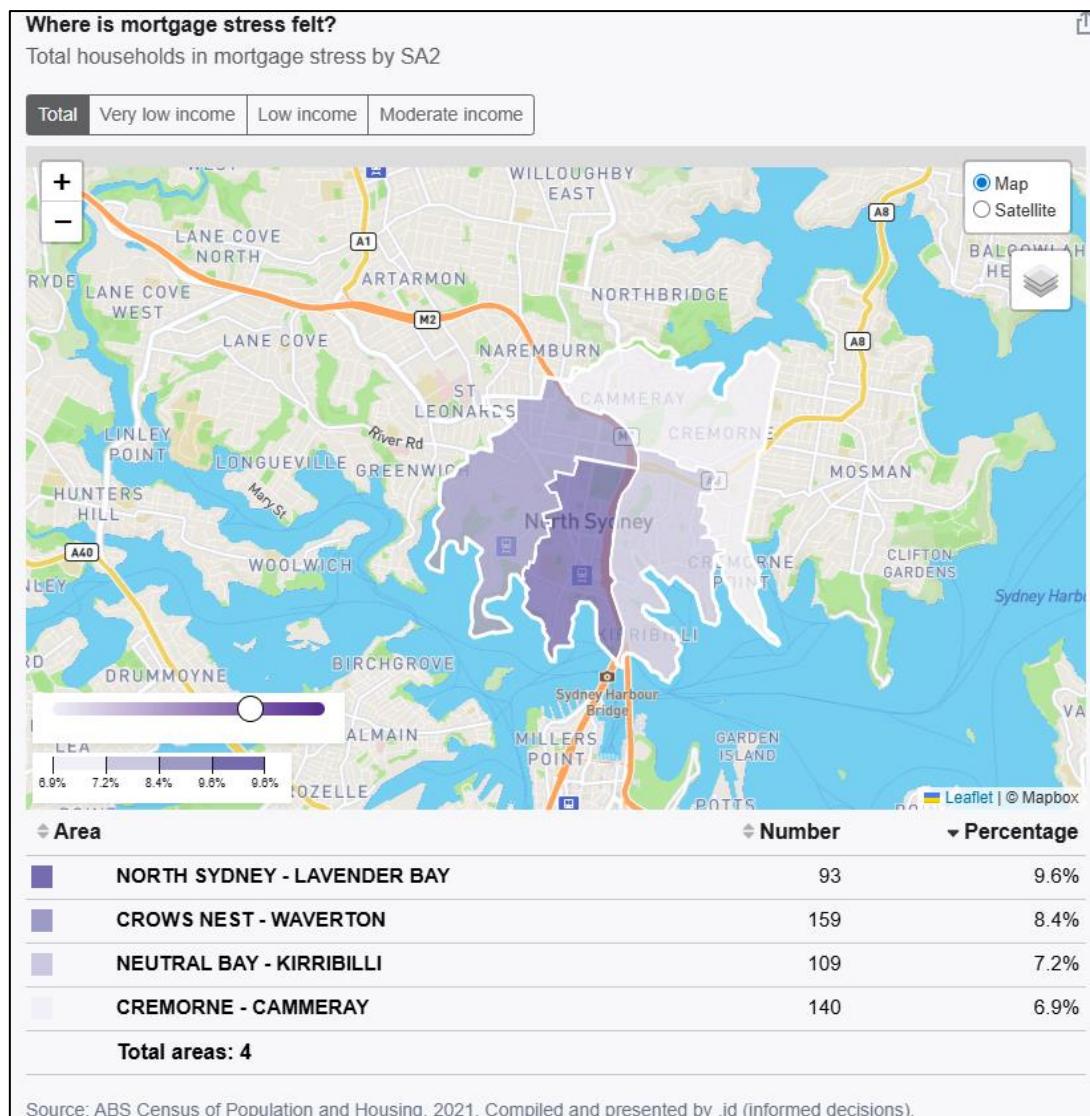


FIGURE 2: HOUSEHOLD WHERE MORTGAGE COSTS EXCEED 30% OF INCOME (EXCLUDING HOUSEHOLDS ON HIGH INCOMES)¹⁶

Summary

North Sydney residents' mortgage stress is below the NSROC and Greater Sydney averages. Overall, 1.44% of residential ratepayers (538 divided by 37,347 total assessments) are experiencing mortgage stress.

¹⁶ [Housing Stress | North Sydney Council | housing monitor](#)

Council's *Financial Hardship Policy* provides support for households experiencing difficulty adjusting to increased rates.

Rental stress

While it is possible that rate increases could be passed on over the longer term, rental process is typically driven by market forces rather than outgoings. Regardless, it is important to also consider rental stress and any areas within the LGA where this may be higher.

The following table compares the proportion of households with rental payments greater than 30% of household income (excluding high income households).

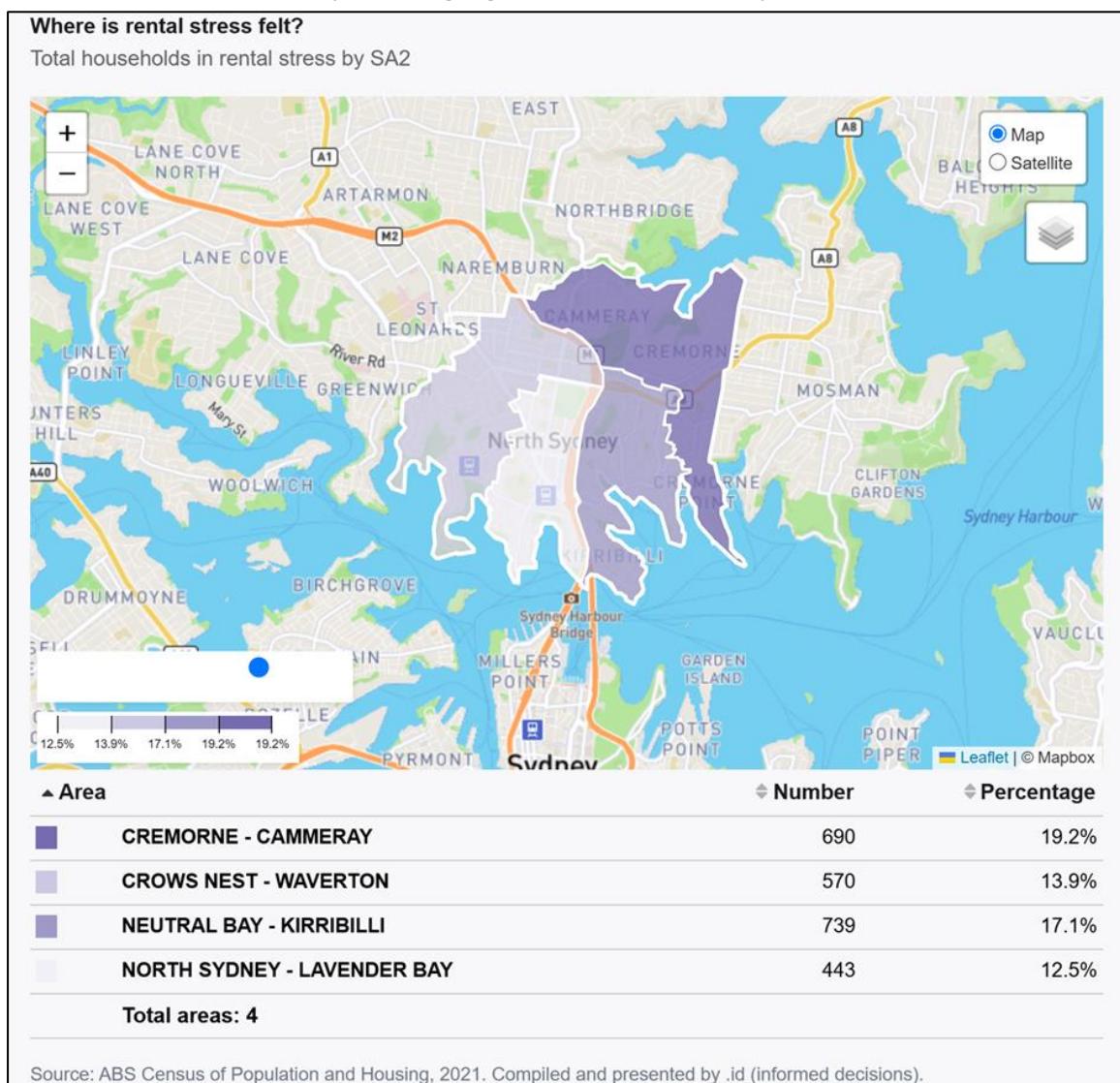


FIGURE 3: HOUSEHOLDS WHERE RENTAL COSTS EXCEED 30% INCOME (2021)¹⁷

Across the LGA, of the 16,431 households in private rentals in North Sydney, 2,596 (15.8%) are in rental stress which is below the NSROC (33%) and Greater Sydney averages of 28.6%. Cremorne-Cammeray has the highest proportion of all groupings at 19.2% (690 households), which is still below the Greater Sydney average.

¹⁷ [Housing Stress | North Sydney Council | housing monitor](#)

Summary

North Sydney residents' rental stress is significantly below the NSROC and Greater Sydney averages. Overall, 6.95% of residential ratepayers (2,596 divided by 37,347 total assessments) are experiencing mortgage stress. As discussed within this report, rental prices for investment properties are typically determined by market forces rather than unique property outgoings.

Trends in cost of living

The cost of living refers to the expenses required to maintain a particular standard of living. It is important to identify trends in future costs, especially in relation to discretionary and non-discretionary income. The following table presents the changes in typical household expenditure throughout the North Sydney LGA over a five-year period.

| Household expenditure | 2023/24 | | 2018/19 | | Change | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------|
| | \$ per household | % of expenditure | \$ per household | % of expenditure | \$ per household | % of expenditure | % |
| Household expenditure (totals) | | | | | | | |
| Food | \$18,671 | 9.6% | \$18,295 | 9.1% | \$376 | 1% | 2% |
| Alcoholic Beverages & Tobacco | \$6,772 | 3.5% | \$8,831 | 4.4% | -\$2,059 | -1% | -23% |
| Clothing & Footwear | \$7,903 | 4.1% | \$6,737 | 3.4% | \$1,166 | 1% | 17% |
| Furnishings & equipment | \$8,925 | 4.6% | \$8,667 | 4.3% | \$258 | 0% | 3% |
| Health | \$11,444 | 5.9% | \$9,908 | 4.9% | \$1,536 | 1% | 16% |
| Transport | \$23,861 | 12.3% | \$25,424 | 12.7% | -\$1,563 | 0% | -6% |
| Communications | \$3,609 | 1.9% | \$3,118 | 1.6% | \$491 | 0% | 16% |
| Recreation & Culture | \$19,990 | 10.3% | \$19,761 | 9.8% | \$229 | 0% | 1% |
| Education | \$6,085 | 3.1% | \$5,894 | 2.9% | \$191 | 0% | 3% |
| Hotels, Cafes, & Restaurants | \$18,165 | 9.4% | \$17,347 | 8.6% | \$818 | 1% | 5% |
| Miscellaneous Goods & Services | \$25,241 | 13.0% | \$26,409 | 13.2% | -\$1,168 | 0% | -4% |
| Housing | \$37,751 | 19.5% | \$44,516 | 22.2% | -\$6,765 | -3% | -15% |
| Utilities | \$5,462 | 2.8% | \$5,862 | 2.9% | -\$400 | 0% | -7% |
| Total Expenditure | \$193,878 | 100.0% | \$200,770 | 100.0% | -\$6,892 | 0% | -3% |
| Net Savings | \$43,626 | 18.4% | \$43,568 | 17.8% | \$58 | 1% | 0% |
| Total Disposable Income | \$237,505 | 0% | \$244,338 | 0% | -\$6,833 | | -3% |
| Non-discretionary | 108,701 | 56% | 113,860 | 57% | -5,159 | -1% | -5% |
| Discretionary | 85,178 | 44% | 86,909 | 43% | -1,733 | 1% | -2% |

Source: National Institute of Economic and Industry Research (NIEIR) ©2025. Compiled and presented in economy.id by.id (informed decisions).

TABLE 11: FIVE-YEAR COMPARISON COST OF LIVING IN NORTH SYDNEY COUNCIL LGA

*NON-DISCRETIONARY SPENDING INCLUDES THE FOLLOWING CATEGORIES: FOOD, CLOTHING AND FOOTWEAR, HEALTH, TRANSPORT, COMMUNICATIONS, HOUSING AND UTILITIES

Table 11 on the previous page illustrates that, over the past five years, total disposable income across the LGA has declined by an average of \$6,833 (3%). Despite this reduction, net annual savings have marginally increased by \$58 to \$43,626 per year as a result of reduced spending.

Total household expenditure has decreased by \$6,892 (3%), driven primarily by a 5% reduction in discretionary spending, while net savings have remained stable. The most significant reductions occurred in housing expenses (-\$6,765), alcoholic beverages and tobacco (-\$2,059), and transport (-\$1,563).

This trend is consistent with patterns observed across Greater Sydney (Table 12, below), where total disposable income fell by 2.5%. However, Greater Sydney households experienced a 6% decline in net savings (approximately \$1,607), whereas North Sydney residents maintained savings at previous levels.

Based on 2023/24 data, North Sydney households allocated, on average, 3% more of their income to net savings compared with households across Greater Sydney, highlighting stronger financial resilience within the LGA.

| Household expenditure | 2023/24 | | | | 2018/19 | | | |
|---|----------------------|----------------------|----------------|------------------|----------------------|----------------------|----------------|------------------|
| | NSC \$ per household | NSC % of expenditure | Greater Sydney | Greater Sydney % | NSC \$ per household | NSC % of expenditure | Greater Sydney | Greater Sydney % |
| Food | \$18,671 | 9.6% | \$13,72 | 9.5% | \$18,295 | 9.1% | \$13,294 | 9.1% |
| Alcoholic Beverages & Tobacco | \$6,772 | 3.5% | \$4,984 | 3.5% | \$8,831 | 4.4% | \$6,417 | 4.4% |
| Clothing & Footwear | \$7,903 | 4.1% | \$5,823 | 4.0% | \$6,737 | 3.4% | \$4,892 | 3.3% |
| Furnishings & equipment | \$8,925 | 4.6% | \$6,561 | 4.6% | \$8,667 | 4.3% | \$6,299 | 4.3% |
| Health | \$11,444 | 5.9% | \$8,829 | 6.1% | \$9,908 | 4.9% | \$7,831 | 5.3% |
| Transport | \$23,861 | 12.3% | \$16,302 | 11.3% | \$25,424 | 12.7% | \$18,039 | 12.3% |
| Communications | \$3,609 | 1.9% | \$2,633 | 1.8% | \$3,118 | 1.6% | \$2,271 | 1.5% |
| Recreation & Culture | \$19,990 | 10.3% | \$14,642 | 10.2% | \$19,761 | 9.8% | \$14,388 | 9.8% |
| Education | \$6,085 | 3.1% | \$5,257 | 3.7% | \$5,894 | 2.9% | \$4,968 | 3.4% |
| Hotels, Cafes & Restaurants | \$18,165 | 9.4% | \$12,066 | 8.4% | \$17,347 | 8.6% | \$12,009 | 8.2% |
| Miscellaneous Goods & Services | \$25,241 | 13.0% | \$18,319 | 12.7% | \$26,409 | 13.2% | \$19,438 | 13.3% |
| Housing | \$37,751 | 19.5% | \$30,752 | 21.4% | \$44,516 | 22.2% | \$32,454 | 22.1% |
| Utilities | \$5,462 | 2.8% | \$3,978 | 2.8% | \$5,862 | 2.9% | \$4,287 | 2.9% |
| Total Expenditure | \$193,878 | 100.0% | \$143,868 | 100.0% | \$200,770 | 100.0% | \$146,587 | 100.0% |
| Net Savings | \$43,626 | 18.4% | \$25,688 | 15.2% | \$43,568 | 17.8% | \$27,295 | 15.7% |

| | | | | | | | | |
|--------------------------|-----------|----|-----------|----|-----------|----|-----------|----|
| Total | \$237,505 | 0% | \$169,556 | 0% | \$244,338 | 0% | \$173,883 | 0% |
| Disposable Income | | | | | | | | |

Source: National Institute of Economic and Industry Research (NIEIR) ©2025. Compiled and presented in economy.id by.id (informed decisions).

TABLE 12: FIVE-YEAR COMPARISON OF COST OF LIVING IN NORTH SYDNEY COUNCIL LGA VS GREATER SYDNEY

Summary

Stable savings levels and reduced housing costs, despite minor income declines, indicate that North Sydney households maintain a high capacity to absorb moderate rate increases without significant financial stress.

Industry

In 2024, the primary industries in the North Sydney LGA, ranked by full-time equivalent (FTE) employment, are as follows:

- professional, scientific and technical services, representing 36.6% of total employment. This sector continues to dominate as the major employer within the region.
- financial and insurance services accounting for 11.2% of FTE positions. This industry maintains its place as a significant contributor to local employment.
- information media and telecommunications with 9.8% of employment. This sector has seen notable growth over the past decade.

In combination, these three fields accounted for 53,929 people in total, or 57.6% of the local workers.

In comparison, Greater Sydney employed 13.9% in Professional, Scientific and Technical Services; 7.7% in Financial and Insurance Services and 2.5% in Information Media and Telecommunications.

The major differences between the jobs held by the full-time equivalent local workers of North Sydney Council area and Greater Sydney were:

- a *larger* percentage of full-time equivalent local workers employed in Professional, Scientific and Technical Services (36.6% compared to 13.9%);
- a *larger* percentage of full-time equivalent local workers employed in Information Media and Telecommunications (9.8% compared to 2.5%);
- a *smaller* percentage of full-time equivalent local workers employed in Health Care and Social Assistance (5.7% compared to 12.9%);
- a *smaller* percentage of full-time equivalent local workers employed in Transport, Postal and Warehousing (1.6% compared to 6.1%).

| Full-time equivalent employment by industry sector | | | | | | | |
|--|---------------|--------------|----------------|---------------|--------------|----------------|-------------------|
| North Sydney Council area | 2023/24 | | | 2013/14 | | Change | |
| Industry | Number | % | Greater Sydney | Number | % | Greater Sydney | 2013/14 - 2023/24 |
| Professional, Scientific and Technical Services | 34,264 | 36.6 | 13.9 | 24,329 | 31.3 | 11.1 | +9,935 |
| Financial and Insurance Services | 10,467 | 11.2 | 7.7 | 8,884 | 11.4 | 7.0 | +1,583 |
| Information Media and Telecommunications | 9,198 | 9.8 | 2.5 | 5,439 | 7.0 | 3.3 | +3,759 |
| Construction | 7,291 | 7.8 | 8.6 | 4,752 | 6.1 | 9.2 | +2,539 |
| Health Care and Social Assistance | 5,287 | 5.7 | 12.9 | 4,183 | 5.4 | 10.1 | +1,104 |
| Education and Training | 3,999 | 4.3 | 7.8 | 3,675 | 4.7 | 7.0 | +324 |
| Retail Trade | 3,599 | 3.8 | 8.1 | 3,068 | 3.9 | 8.5 | +532 |
| Public Administration and Safety | 2,901 | 3.1 | 6.3 | 3,001 | 3.9 | 5.7 | -100 |
| Administrative and Support Services | 2,888 | 3.1 | 2.8 | 3,477 | 4.5 | 3.2 | -589 |
| Accommodation and Food Services | 2,263 | 2.4 | 4.7 | 3,455 | 4.4 | 5.6 | -1,193 |
| Manufacturing | 2,218 | 2.4 | 6.3 | 2,521 | 3.2 | 8.5 | -303 |
| Wholesale Trade | 2,085 | 2.2 | 3.9 | 2,461 | 3.2 | 5.0 | -376 |
| Rental, Hiring and Real Estate Services | 2,021 | 2.2 | 2.0 | 1,939 | 2.5 | 2.1 | +83 |
| Other Services | 1,690 | 1.8 | 3.0 | 2,148 | 2.8 | 4.0 | -458 |
| Transport, Postal and Warehousing | 1,480 | 1.6 | 6.1 | 1,947 | 2.5 | 6.3 | -467 |
| Arts and Recreation Services | 1,033 | 1.1 | 1.7 | 1,097 | 1.4 | 1.6 | -64 |
| Mining | 474 | 0.5 | 0.3 | 585 | 0.8 | 0.4 | -111 |
| Electricity, Gas, Water and Waste Services | 294 | 0.3 | 1.0 | 803 | 1.0 | 1.1 | -510 |
| Agriculture, Forestry and Fishing | 118 | 0.1 | 0.5 | 85 | 0.1 | 0.4 | +33 |
| Total industries | 93,571 | 100.0 | 100.0 | 77,849 | 100.0 | 100.0 | +15,722 |

Source: National Institute of Economic and Industry Research (NIEIR) ©2025. Compiled and presented in economy.id by.id (informed decisions). NIEIR-ID data are adjusted each year, using updated employment estimates.

TABLE 13: FULL-TIME EQUIVALENT EMPLOYMENT BY INDUSTRY SECTOR

When compared to data from 2014, the overall order of prevailing industries has remained consistent. In 2014, professional, scientific, and technical services accounted for 31.3% of employment, financial and insurance services for 11.4%, information media and telecommunications for 7%, and construction for 6.1%. Over the past ten years, there has been an increased concentration in professional, scientific, and technical services (+9,935 FTEs), information media and telecommunications (+3,759 FTEs), and construction (+2,539 FTEs). Conversely, the accommodation and food services sector has experienced a decrease in its share of employment, declining by 2% (-1,193 FTEs).

The number of full-time equivalent local workers in North Sydney Council area increased by 15,722 between 2013/14 and 2023/24.

In North Sydney Council, 48,677 residents were employed as of June 2024. The chart below shows a consistent post-pandemic increase, suggesting economic growth.

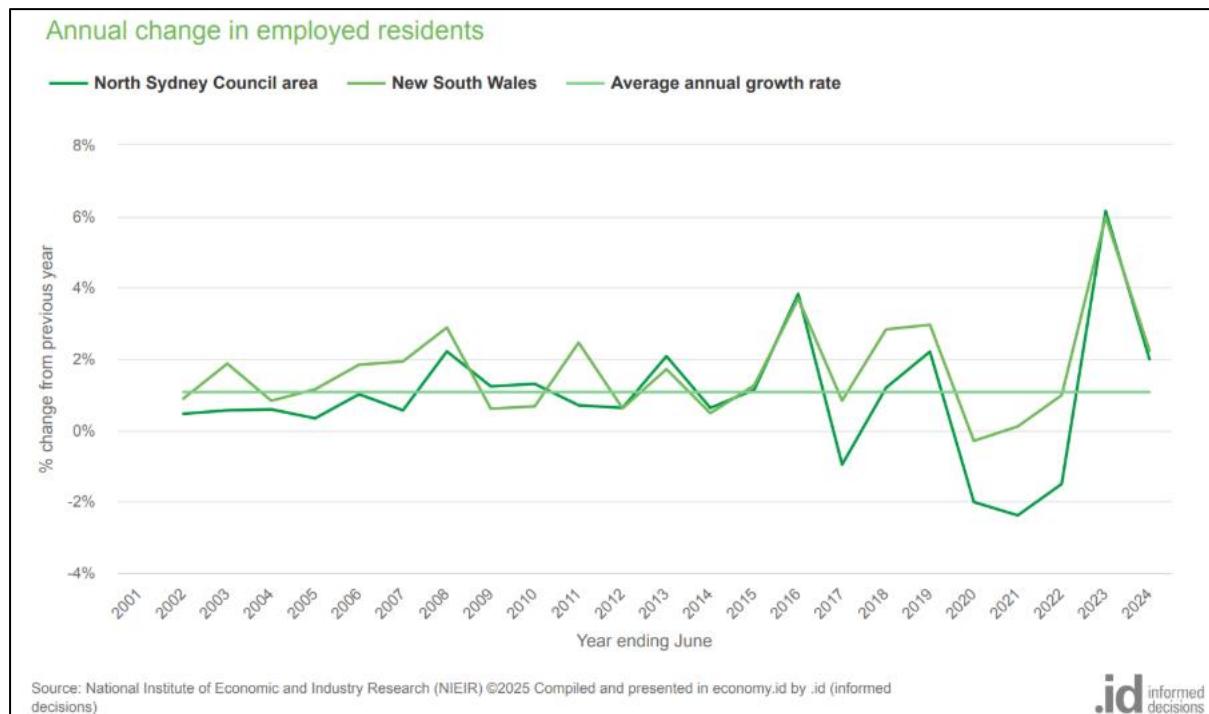


CHART 10: ANNUAL CHANGE IN EMPLOYED RESIDENTS

In line with the FTE allocation per industry, an analysis of the valued added by industry sectors in North Sydney Council area in 2023-24 shows the three largest industries were:

- professional, scientific and technical services (5,980 million or 27.3%)
- information media and telecommunications (3,978 million or 18.2%)
- financial and insurance services (2,828 million or 12.9%)

In combination, these three industries accounted for 12,786 million in total, or 58.4% of the total value added by industry in the North Sydney Council area.

In comparison, the same three industries in Greater Sydney accounted for 13.0% in professional, scientific and technical services; 5.0% in information media and telecommunications, and 14.8% in financial and insurance services.

The total value added by industry in North Sydney Council area increased by \$5,525 million between 2013-14 and 2023-24.

The largest changes in the value added by industries between 2013-14 and 2023-24 in North Sydney Council area were for:

- information media and telecommunications (+\$2,993 million)
- professional, scientific and technical services (+\$1,894 million)
- construction (+\$739 million)

- rental, hiring and real estate services (+\$176 million).

| North Sydney Council area | 2023/24 | | | 2013/14 | | | Change |
|---|----------|-------|----------------|----------|-------|----------------|-------------------|
| Industry | \$m | % | Greater Sydney | \$m | % | Greater Sydney | 2013/14 - 2023/24 |
| Agriculture, Forestry and Fishing | 16.4 | 0.1 | 0.3 | 4.7 | 0.0 | 0.3 | +11.6 |
| Mining | 141.0 | 0.6 | 0.4 | 255.6 | 1.6 | 0.5 | -114.6 |
| Manufacturing | 475.4 | 2.2 | 6.8 | 663.5 | 4.1 | 8.5 | -188.1 |
| Electricity, Gas, Water and Waste Services | 131.1 | 0.6 | 1.7 | 338.6 | 2.1 | 2.3 | -207.5 |
| Construction | 2,241.4 | 10.2 | 8.0 | 1,502.7 | 9.2 | 8.3 | +738.7 |
| Wholesale Trade | 661.6 | 3.0 | 5.7 | 580.6 | 3.5 | 5.9 | +81.0 |
| Retail Trade | 453.1 | 2.1 | 4.7 | 339.5 | 2.1 | 5.2 | +113.6 |
| Accommodation and Food Services | 271.3 | 1.2 | 2.7 | 325.1 | 2.0 | 2.9 | -53.8 |
| Transport, Postal and Warehousing | 384.5 | 1.8 | 6.5 | 486.7 | 3.0 | 7.1 | -102.2 |
| Information Media and Telecommunications | 3,977.9 | 18.2 | 5.0 | 984.9 | 6.0 | 3.4 | +2,993.0 |
| Financial and Insurance Services | 2,828.4 | 12.9 | 14.8 | 2,886.3 | 17.6 | 15.9 | -57.8 |
| Rental, Hiring and Real Estate Services | 949.8 | 4.3 | 4.4 | 773.8 | 4.7 | 4.3 | +176.0 |
| Professional, Scientific and Technical Services | 5,980.1 | 27.3 | 13.0 | 4,086.6 | 25.0 | 10.4 | +1,893.5 |
| Administrative and Support Services | 1,450.8 | 6.6 | 5.2 | 1,283.4 | 7.8 | 4.9 | +167.4 |
| Public Administration and Safety | 538.9 | 2.5 | 5.1 | 542.8 | 3.3 | 5.0 | -3.9 |
| Education and Training | 535.4 | 2.4 | 5.4 | 546.5 | 3.3 | 5.7 | -11.2 |
| Health Care and Social Assistance | 617.6 | 2.8 | 7.7 | 477.0 | 2.9 | 6.4 | +140.6 |
| Arts and Recreation Services | 116.2 | 0.5 | 0.9 | 129.6 | 0.8 | 1.0 | -13.4 |
| Other Services | 128.4 | 0.6 | 1.5 | 166.2 | 1.0 | 2.0 | -37.8 |
| Total industries | 21,899.4 | 100.0 | 100.0 | 16,374.2 | 100.0 | 100.0 | +5,525.2 |
| Source: National Institute of Economic and Industry Research (NIEIR) ©2025. Compiled and presented in economy.id by.id (informed decisions). | | | | | | | |

TABLE 14: VALUE ADDED BY INDUSTRY SECTOR

Despite having relatively low rates as compared with other CBD locations, the suburbs of North Sydney and St Leonards have the second and third highest average business rents in Greater Sydney (behind the City of Sydney), at \$855 and \$645 per square metre respectively. This indicates that it is unlikely that an increase in rates alone will have a significant impact on the ability to attract tenants or influence investment decisions.



CHART 11: AVERAGE RENT PER SQUARE METER (2024)¹⁸

Summary

The overall value added by industries for the North Sydney LGA has increased by \$5.5 billion since 2013-14, which, when combined with the significant increase in full-time equivalent jobs of 15,722, highlights a significant level of increasing opportunity and advantage within the area.

Average rents when compared with other CBD locations suggests an increase in rates based on SV options will not have material influence on the ability to attract tenants or broader investment decisions.

Impacts on small businesses within the LGA

This section addresses IPART's concerns about how North Sydney Council's proposed Special Variation (SV) may affect local business viability. According to last year's IPART report: *Submissions highlighted that rate increases could make it harder for small businesses like retailers and cafes to operate, increasing risks of closures and job losses, and potentially weakening the local economy rather than supporting recovery.*

According to ABS data (Table 27) as at 30 June 2025, of the 15,284 registered businesses in North Sydney, 7,718 report annual turnover below \$200,000. However, this figure alone does not accurately reflect vulnerability. Many of these businesses operate in industries such as professional, scientific and technical services (2,076 businesses), financial and insurance services (1,018), rental, hiring and real estate services (1,280), and construction (661). These sectors are typically characterised by sole traders or micro-enterprises, often non-employing and operating from home, who do not pay business rates and have minimal overheads. ABS data shows that 61% of all registered businesses in North Sydney (9,312) are non-employing (Table 28).

According to council records only 3,453 business assessments exist, meaning over 75% of registered businesses will not be directly impacted by the proposed Special Variation. While landlords can pass on outgoings such as council rates to tenants, based on Council's own large

¹⁸ [North Sydney Economic Development Study](#)

investment property portfolio managed by a commercial real estate agency, this is not typical for small businesses in the area. Small business tenants are generally charged rent on a gross basis, meaning council rates and other outgoings are included in the rent and not passed on separately. This approach has been confirmed by the agency as standard practice for small premises across North Sydney.

In contrast, a net lease structure where outgoings are passed on directly is more common in large commercial offices, typically leased by major corporations. These tenants are more likely to absorb rate increases as part of broader operating costs.

In addition, commercial rents are typically more negotiable than residential rents, providing business tenants with greater capacity to renegotiate lease terms and limiting a landlord's ability to pass on rate increases. Furthermore, increases in operating costs such as council rates are generally tax-deductible for business, which helps to offset the financial impact.

For most small operators, particularly those not directly rateable, the SV will have no material impact on viability or employment.

Importantly, North Sydney's economic profile is structurally different from Greater Sydney and other metropolitan areas, making it more resilient to financial shocks. Over 57% of local employment is concentrated in high-value, low-risk sectors such as professional services, finance, and information media and telecommunications, compared to just 24% in Greater Sydney. These industries are less exposed to discretionary consumer spending and more likely to operate in flexible or remote arrangements, reducing their sensitivity to rate increases.

Furthermore, retail and accommodation/food services which are industries typically considered vulnerable due to low margins, make up a relatively small proportion of North Sydney's business base, representing just 6% of all registered businesses.

50% of retail businesses have a turnover of less than \$200k, while 55% of total retail businesses are non-employing. This may indicate include ecommerce businesses which are likely to be operated from home and not subject to business rates.

259 accommodation and food services businesses report turnover below \$200,000, with 156 being non-employing.

Council's *Financial Hardship Policy* is available to any business experiencing financial difficulty for any reason, ensuring Council is supporting local businesses during difficult times.

| Industry | zero to 200K | \$200 k - \$2m | \$2m - \$5m | \$5m - \$10m | \$10 m or more | Total |
|---|--------------------|----------------------|----------------|-----------------|----------------------|--------|
| Professional, Scientific and Technical Services | 2,076 | 1,459 | 291 | 151 | 188 | 4,165 |
| Financial and Insurance Services | 1,018 | 600 | 144 | 54 | 92 | 1,908 |
| Rental, Hiring and Real Estate Services | 1,280 | 963 | 125 | 41 | 50 | 2,459 |
| Construction | 661 | 288 | 60 | 31 | 65 | 1,105 |
| Health Care and Social Assistance | 500 | 623 | 51 | 11 | 26 | 1,211 |
| Retail Trade | 299 | 203 | 51 | 13 | 27 | 593 |
| Wholesale Trade | 234 | 144 | 51 | 31 | 76 | 536 |
| Transport, Postal and Warehousing | 219 | 44 | 6 | 6 | 11 | 286 |
| Administrative and Support Services | 263 | 220 | 50 | 23 | 40 | 596 |
| Information Media and Telecommunications | 186 | 104 | 21 | 15 | 34 | 360 |
| Education and Training | 180 | 115 | 15 | 5 | 9 | 324 |
| Accommodation and Food Services | 159 | 301 | 67 | 24 | 21 | 572 |
| Agriculture, Forestry and Fishing | 109 | 42 | 10 | 7 | 11 | 179 |
| Manufacturing | 107 | 96 | 19 | 7 | 15 | 244 |
| Other Services | 189 | 140 | 15 | 6 | 0 | 351 |
| Arts and Recreation Services | 153 | 96 | 5 | 3 | 4 | 261 |
| Mining | 37 | 0 | 4 | 0 | 0 | 43 |
| Electricity, Gas, Water and Waste Services | 31 | 11 | 5 | 5 | 6 | 58 |
| Currently Unknown | 7 | 3 | 0 | 0 | 0 | 10 |
| Public Administration and Safety | 8 | 9 | 0 | 0 | 3 | 23 |
| Total | 7,718 | 5,461 | 991 | 433 | 681 | 15,284 |

TABLE 15: NORTH SYDNEY BUSINESSES BY TURNOVER¹⁹

| Industry | Non employing | % of non- employing | 1-4 Employees | 5-19 Employees | 20-199 Employees | 200+ Employees | Total |
|--|------------------|------------------------|------------------|-------------------|---------------------|-------------------|-------|
| Professional, Scientific and Technical Services | 2,118 | 51% | 1,359 | 478 | 196 | 14 | 4,165 |
| Rental, Hiring and Real Estate Services | 2,109 | 86% | 267 | 64 | 18 | 0 | 2,459 |
| Financial and Insurance Services | 1,332 | 70% | 429 | 104 | 41 | 0 | 1,908 |
| Health Care and Social Assistance | 759 | 63% | 294 | 108 | 38 | 12 | 1,211 |
| Construction | 776 | 70% | 237 | 62 | 26 | 4 | 1,105 |
| Administrative and Support Services | 262 | 44% | 196 | 73 | 57 | 8 | 596 |
| Retail Trade | 326 | 55% | 174 | 71 | 20 | 3 | 593 |
| Accommodation and Food Services | 156 | 27% | 206 | 143 | 63 | 4 | 572 |
| Wholesale Trade | 241 | 45% | 162 | 80 | 48 | 5 | 536 |
| Information Media and | 179 | 50% | 101 | 43 | 37 | 0 | 360 |

¹⁹ <https://www.abs.gov.au/statistics/economy/business-indicators/counts-australian-businesses-including-entries-and-exits/latest-release>

| Industry | Non employing | % of non-employing | 1-4 Employees | 5-19 Employees | 20-199 Employees | 200+ Employees | Total |
|--|---------------|--------------------|---------------|----------------|------------------|----------------|--------|
| Telecommunications | | | | | | | |
| Other Services | 163 | 46% | 137 | 45 | 4 | 0 | 351 |
| Education and Training | 170 | 52% | 103 | 32 | 15 | 4 | 324 |
| Transport, Postal and Warehousing | 216 | 76% | 48 | 12 | 9 | 0 | 286 |
| Arts and Recreation Services | 160 | 61% | 68 | 25 | 7 | 0 | 261 |
| Manufacturing | 116 | 48% | 81 | 33 | 14 | 0 | 244 |
| Agriculture, Forestry and Fishing | 129 | 72% | 36 | 7 | 7 | 0 | 179 |
| Electricity, Gas, Water and Waste Services | 43 | 74% | 5 | 6 | 4 | 0 | 58 |
| Mining | 36 | 84% | 3 | 3 | 3 | 0 | 43 |
| Public Administration and Safety | 11 | 48% | 7 | 3 | 3 | 0 | 23 |
| Currently Unknown | 10 | 100% | 0 | 0 | 0 | 0 | 10 |
| Total | 9,312 | | 3,912 | 1,392 | 608 | 60 | 15,284 |

TABLE 16: NORTH SYDNEY BUSINESSES BY EMPLOYMENT SIZE¹⁹

Summary

The proposed Special Variation is unlikely to have a material impact on small business viability within North Sydney LGA. Despite there being 7,718 registered businesses from the 15,284 registered businesses reporting turnover of less than \$200K, more than 75% of registered businesses in North Sydney are not directly rateable and therefore will not be directly affected by the SV.

The majority of businesses with low reported turnover operate as non-employing sole traders or micro-enterprises in professional, financial, property, and construction services, many of which are home-based with minimal overheads. In addition, Council's *Financial Hardship Policy* provides a safety net for any business experiencing financial difficulty, ensuring appropriate support is available in adjusting to modest rate increases if required.

Outstanding rates trend

North Sydney Council has one of the lowest % of outstanding rates in annual charges within metropolitan and metropolitan-fringe councils. Out of 33 councils, North Sydney has the seventh lowest percentage of rates and annual charges outstanding as at 30 June 2024 (the most recent time series data available). With the group average of 5.4%, North Sydney, is way below average with 3.7% outstanding.

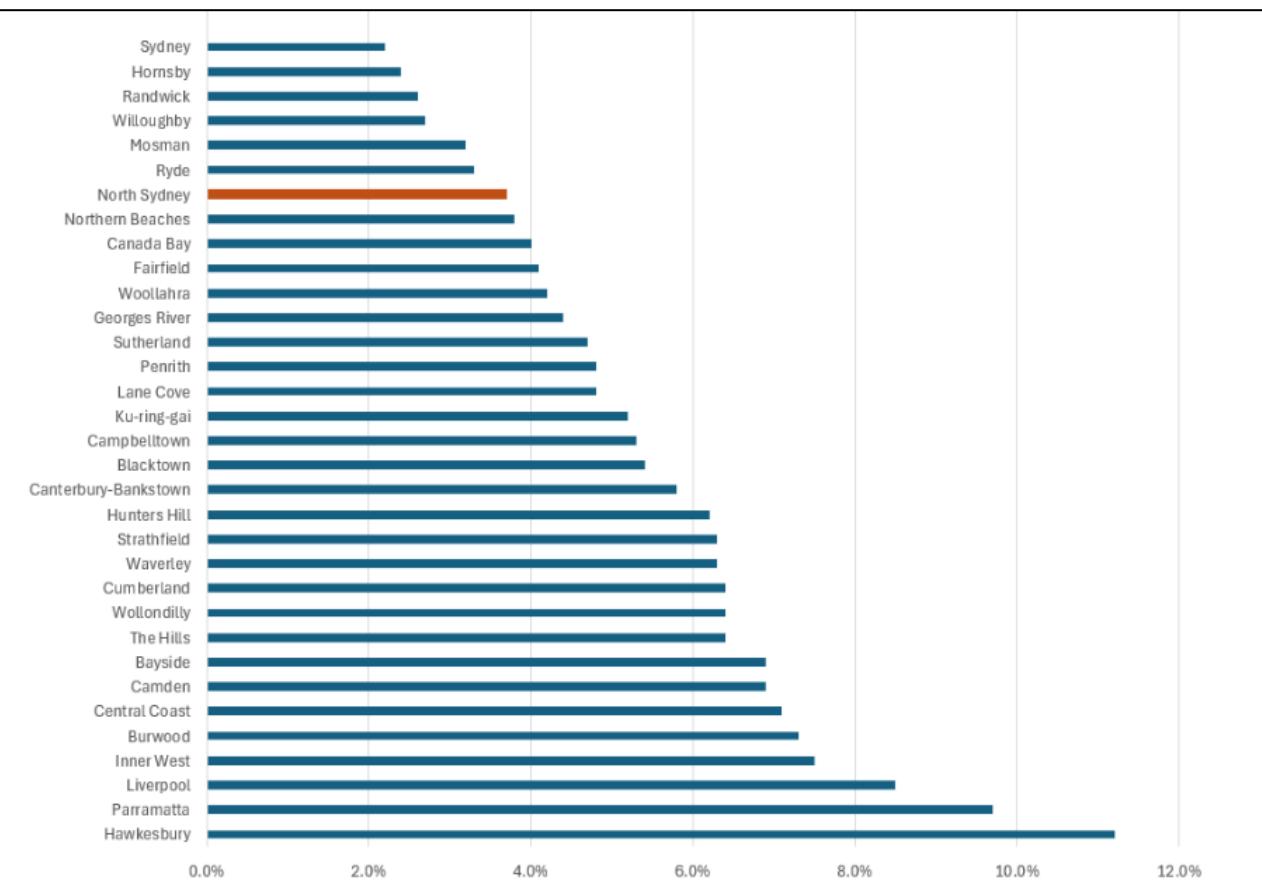


CHART 12: OUTSTANDING ANNUAL RATES AND CHARGES AS OF 30 JUNE 2024 COMPARISON²⁰

Chart 12 below illustrates the trend in outstanding rates and annual charges for the North Sydney Council area over the past five years. Throughout this period, the percentage of outstanding rates has consistently remained well below the 5% benchmark, reflecting sound financial management and a strong payment culture among ratepayers.

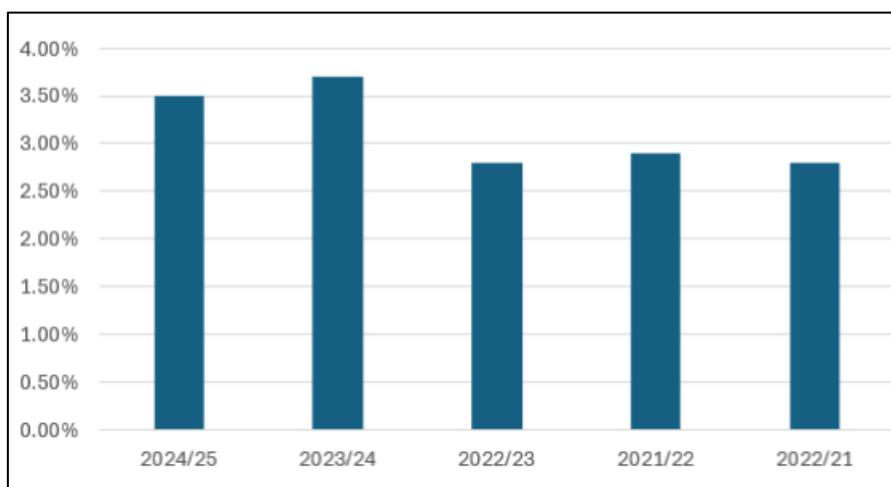


CHART 13: OUTSTANDING RATES AND ANNUAL CHARGES FOR NORTH SYDNEY COUNCIL (2021-25)

It is important to highlight that the outstanding balance for 2024-25 includes several significant business rate accounts that are considered anomalies. These anomalies comprise substantial

²⁰ Time series data for NSW councils, maintained by the Office of Local Government (OLG)

unpaid business rates owed to council by another government agency, as well as outstanding balances payable by developers due to apartment ownership transfer rather than lacking capacity to pay.

Chart 13 below presents the outstanding rates and annual charges outstanding trend with adjustments made to the 2023-24 and 2024-25 data to account for these one-off anomalies. This adjusted trend provides a more accurate representation of the true level of residential and business rates outstanding, offering a clearer indicator of the community's capacity to meet rate increases. Evidently, over the past five years, the percentage outstanding did not exceed 3.5%, with significant improvement in 2024-25, which supports North Sydney ratepayers having capacity to pay their rates in a timely manner.

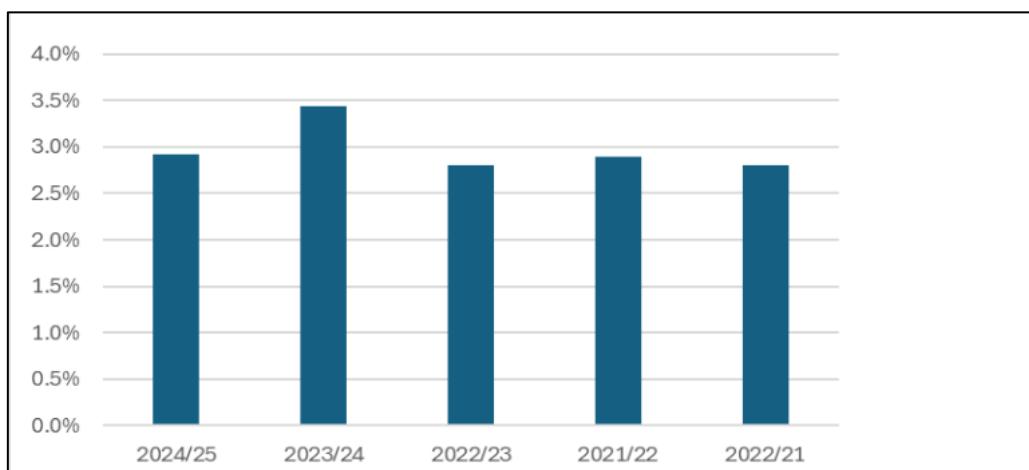


CHART 14: OUTSTANDING RATES AND ANNUAL CHARGES (ADJUSTED FOR ANOMALIES) FOR NORTH SYDNEY COUNCIL (2021-25)

Business rates outstanding

The table below summarises outstanding business rates as at 30 June 2025. Balances owed by other government agencies, as well as outstanding amounts payable by developers due to apartment ownership transfers rather than a lack of capacity to pay, were excluded from the calculation to provide a true picture of balances outstanding that relate to local businesses.

| | in \$ | No of notices |
|--|---------------|---------------|
| Total Business rates and annual charges | \$ 25,331,355 | 3,459 |
| Outstanding rates and annual charges (inc. DWM) | \$566,372 | 351 |
| Outstanding % | 2.2% | 10.1% |
| Less individual balances below \$50 | 1,034 | 110 |
| Outstanding % | 2.2% | 7.0% |
| Less individual balances between \$50 and \$1,000 | \$57,741 | 136 |
| Outstanding % | 2.0% | 3.0% |
| Average balance outstanding: | \$1,614 | |

TABLE 17: OUTSTANDING BUSINESS RATES

It has been observed that businesses tend to make payments based on previous year's rate notices, which often leads to several small outstanding balances accumulating on their accounts. These minor amounts are typically cleared once the rate details are updated, but in

the meantime, they inflate the number of outstanding rate notices. Furthermore, business rates payments are frequently made after the due date, with \$403K out of a total \$566K outstanding business rates (71%) relating to the most recent charges. When small balances below \$1,000 are excluded from the statistics, the percentage of outstanding rate notices drops to 3%, and the outstanding balance represents just 2% of the total, indicating an exceptionally low level of unpaid rates overall.

Residential rates outstanding

| | in \$ | No of notices |
|--|--------------|---------------|
| Total residential rates and annual charges | \$56,809,235 | 36,194 |
| Outstanding rates and annual charges (inc. DWM) | \$1,698,232 | 3,073 |
| Outstanding % | 3.0% | 8.5% |
| Less individual balances below \$50 | 5,133 | 1245 |
| Outstanding % | 3.0% | 5.1% |
| Less individual balances between \$50 and \$500 | \$316,613 | 967 |
| Outstanding % | 2.4% | 2.4% |
| Average balance outstanding: | \$ 552.63 | |

TABLE 18: OUTSTANDING RESIDENTIAL RATES

As shown in the table above, the overall percentage of outstanding residential rates is 3.0%, which is well below the benchmark of 5.0%. When excluding small balances under \$500, both the percentage of outstanding rates notices, and the proportion of the total balance outstanding are 2.4%. The average outstanding balance stands at \$552.63, which is less than the annual minimum rate. Additionally, it is important to note that 81% of the outstanding balance relates to the most recent charges within the last year, indicating that the bulk of arrears are recent and not long-term debts.

Ratepayers on payment plans

Table 19 on the next page summarises the number of ratepayers who have requested a payment plan. This figure was substantially higher during the COVID-19 pandemic, reflecting increased financial hardship in the community at that time. Since then, the number of payment plan requests has decreased markedly and has stabilised, consistently remaining within the range of 21 to 27 per year.

North Sydney Council has *Financial Hardship Policy* that is available to both residential and business ratepayers.

| | FY20-21 | FY21-22 | FY22-23 | FY23-24 | FY24-25 | FY25-26 | Total: |
|-----------------------|---------|---------|---------|---------|---------|---------|--------|
| No. of Payment | 71 | 25 | 26 | 21 | 27 | 24 | 194 |
| Plans set up: | | | | | | | |

TABLE 19: NO. OF RATEPAYERS FOR REQUESTED PAYMENT PLAN

Summary

The consistently low percentage of outstanding rates and annual charges in both residential and business sectors, coupled with the majority of arrears being recent rather than long-term, strongly suggests that North Sydney Council ratepayers possess a robust capacity to meet their financial obligations. The area's outstanding rates have remained well below established benchmarks, and most unpaid balances are minor or relate to the most recent billing cycle. These trends, alongside a demonstrated history of timely payments, indicate that the community is well placed to accommodate potential rate increases without significant hardship.

Grouping Summary

Our analysis shows that the North Sydney Council area has significant advantage, with very similar levels of advantage across the LGA and one pocket of slightly increased disadvantage within the suburb of Kirribilli (although noting it still has an IRSAD score in the 99th percentile). It should be noted that Kirribilli-Milsons Point-McMahons Point contains the majority of the LGA's social housing (52%) as 6% of its households fall into this category; this is driven by Kirribilli which has a 12% proportion of its households living in social housing. This presence contributes to a broader mix of household types and influences measures of disadvantage within the grouping.

There are some differences emerging between the different areas; however, we do not observe any notable differences in advantage across the groupings.

Key aspects of the Cammeray-Cremorne grouping, which has an IRSD ranking in the 97th percentile, and an IRSAD ranking (including factors of advantage) in the 100th percentile, included:

- highest proportion of dependents (19%) and lowest proportion of working age (59%), with the lowest proportion of young workforce (16%);
- proportion of at-risk households is consistent with the LGA;
- a 3% unemployment rate and is below the averages for NSROC and Greater Sydney as a whole;
- highest proportion of resident ratepayers (fully owned and mortgaged) at 53%;
- highest proportion in the lowest two equivalised income quartiles (25%), and lowest proportion in the highest two quartiles (75%) – however both proportions are significantly improved when compared to the NSROC and Greater Sydney averages;
- joint lowest proportion of residents requiring assistance (2%); and
- has the highest proportion of pensioners within the LGA at 5%, representing 444 individuals which accounts for 34% of all pensioners in North Sydney.

Key aspects of the Kirribilli-Milsons Point-McMahons Point grouping, with an IRSD ranking in the 88th percentile, and IRSAD ranking in the 100th percentile, are:

- Kirribilli-Milsons Point-McMahons Point contains the majority of the LGA's social housing (52%) as 6% of its households fall into this category; this is driven by Kirribilli which has a 12% proportion of its households living in social housing;
- lowest proportion of dependents (8%) and second lowest proportion of working age (62%), with the highest proportion of retirees (30%);
- 47% of households are vulnerable, including 42% lone person households;

- joint highest unemployment rate (4%) which is in line with the average for the NSROC region;
- second lowest proportion of resident ratepayers (37%);
- second highest proportion in the lowest two equivalised income quartiles (24%) effected by social housing and second lowest proportion in the highest two quartiles (76%) – however both proportions are significantly improved when compared to the NSROC and Greater Sydney averages;
- joint highest proportion of residents requiring assistance (3%); however, this is still below the NSROC average; and
- lowest proportion of pensioners (2%).

Key aspects of the Neutral Bay-Cremorne Point-Kurraba Point grouping, with an IRSD ranking in the 97th percentile, and IRSAD ranking in the 100th percentile, are:

- second highest percentage of dependents (15%) and retirees (23%);
- second highest proportion of one-parent families (7%);
- joint highest unemployment rate (4%) which is in line with the average for the NSROC region.

Key aspects of the North Sydney-Crows Nest grouping, with an IRSD ranking in the 95th percentile, and IRSAD ranking in the 100th percentile, are:

- highest proportion of working age (71%) and lowest proportion of retirees (16%);
- joint lowest proportion of one parent families (5%);
- lowest proportion of resident ratepayers (36%) and lowest proportion of fully owned homes (17%);
- highest proportion of private renters (57%);
- highest proportion in highest two equivalised income quartiles (78%) and lowest proportion in bottom two quartiles (22%).

Key aspects of the Wollstonecraft-Waverton grouping, with an IRSD ranking in the 99th percentile, and IRSAD ranking in the 100th percentile, are:

- second highest proportion of working age (64%) and second lowest proportion of retirees (22%);
- lowest proportion of vulnerable households (38%) and lowest proportion of lone person (32%);
- second highest proportion of resident ratepayers (49%);
- second highest proportion in top two equivalised income quartiles (77%) and second lowest in the bottom two quartiles (23%);
- joint highest proportion of residents requiring assistance (3%); however, this is still below the NSROC average.

Proposed rating changes

This Long-Term Financial Plan provides three options for the future of services and infrastructure in North Sydney. The options are:

Option 1 – No change – deterioration of infrastructure

Under this option, ordinary rates would increase by rate peg (4% for 2026-27 and assumed 3% annually thereafter). This represents a cumulative increase of 10.33% over three years.

Option 2 – Treading water – Restore renewal funding and address critical backlog

Under this option, rating revenue would increase by a cumulative amount of 39.92% (29.59%

above rate peg) over three years: 20% in 2026-27, 10% in 2027-28; and 6% in 2028-29. This would generate an additional \$190 million in revenue over a ten-year period.

Option 3 (Preferred) – An eye on the future – Enhanced contribution to infrastructure investment and planning

Under this option, rating revenue would increase by a cumulative amount of 52.66% (42.33% above rate peg) over three years: 23% in 2026-27, 14.58% in 2027-28, and 8.32% in 2028-29. This would generate an additional \$278 million in revenue over a ten-year period.

| Option | 2026/27 | 2027/28 | 2028/29 |
|---|------------------------------------|------------------------------------|------------------------------------|
| Option 1 Base case (do nothing) | rate peg (4%) \$773.60/\$773.60 | rate peg (3%) \$796.81/\$796.81 | rate peg (3%) \$820.71/\$820.71 |
| Option 2 - cumulative increase of 39.92% at the end of 2028/29 | 20% \$970.72/\$970.72 | 10% \$1,094.98/\$1,094.98 | 6% \$1,171.63/\$1,171.63 |
| Minimum Rate: Residential/Business | | | |
| Option 3 - cumulative increase of 52.66% at the end of 2028/29 | 23% \$970.72/\$970.72 | 15% \$1,116.32/\$1,116.32 | 9% \$1,216.79/\$1,216.79 |
| Minimum Rate: Residential/Business | | | |

TABLE 20: PROPOSED OPTIONS FOR RATE CHANGE

The table above summarises the projected minimum rates payable by residential ratepayers under each scenario, illustrating the differing levels of increase aligned with each approach to funding Council services and infrastructure.

Rates – Residential

Option 2 – average rate impact analysis

| Residential - average rates | 2025/26 average rate by grouping | 2028/29 Base case - do nothing | 2028/29 Option 2 average | Annual increase (above rate peg) by end of 2028/29 | Weekly increase above rate peg | Total average increase (above rate peg) over 3 years |
|--|----------------------------------|--------------------------------|--------------------------|--|--------------------------------|--|
| Cremorne Cammeray | \$1,149 | \$1,268 | \$1,575 | \$102 | \$2 | \$307 |
| Kirribilli-Milsons Point-McMahons Point | \$1,173 | \$1,295 | \$1,615 | \$107 | \$2 | \$321 |
| Neutral Bay-Cremorne Point-Kurraba Point | \$1,126 | \$1,243 | \$1,560 | \$106 | \$2 | \$318 |
| North Sydney-Crows Nest | \$943 | \$1,040 | \$1,362 | \$107 | \$2 | \$322 |
| Wollstonecraft-Waverton | \$1,015 | \$1,120 | \$1,451 | \$110 | \$2 | \$331 |

TABLE 21: OPTION 2 RESIDENTIAL AVERAGE RATES IMPACTS ANALYSIS

Option 2 results in an average increase of \$307 for Cremorne Cammeray and \$331 for Wollstonecraft-Waverton ratepayers, with little variation across suburbs.

Option 2 will maintain the same order of suburbs in terms of average rates paid, with Kirribilli-Milsons Point-McMahons Point continuing to have the highest average rates, and North Sydney-Crows Nest, the lowest. This ensures consistency in the rating structure and does not alter the relative burden across the various suburbs.

This is primarily because North Sydney-Crows Nest has the highest concentration of apartment buildings, where most properties are charged the minimum rate. The prevalence of high-density housing in the area leads to a lower average rate compared to other suburbs.

Option 3 - Residential Average rate impact analysis

| Residential - average rates | 2025/26 average rate by grouping | 2028/29 Base case - do nothing | 2028/29 Option 3 average | Annual increase (above rate peg) by end of 2028/29 | Weekly increase above rate peg | Total average increase (above rate peg) over 3 years |
|--|----------------------------------|--------------------------------|--------------------------|--|--------------------------------|--|
| Cremorne | \$ 1,149 | \$1,268 | \$1,736 | \$156 | \$3 | \$468 |
| Cammeray | | | | | | |
| Kirribilli-Milsons Point-McMahons Point | \$ 1,173 | \$1,295 | \$1,776 | \$160 | \$3 | \$481 |
| Neutral Bay-Cremorne Point-Kurraba Point | \$ 1,126 | \$1,243 | \$1,707 | \$155 | \$3 | \$464 |
| North Sydney-Crows Nest | \$943 | \$1,040 | \$1,455 | \$138 | \$3 | \$415 |
| Wollstonecraft-Waverton | \$1,015 | \$1,120 | \$1,558 | \$146 | \$3 | \$438 |

TABLE 22: OPTION 3 RESIDENTIAL AVERAGE RATE IMPACT ANALYSIS

Option 3 results in an average increase of \$415 for North Sydney-Crows Nest and \$481 for Kirribilli-Milsons Point-McMahons Point ratepayers, with little variation across suburbs.

Option 3 will maintain the same order of suburbs in terms of average rates paid, with Kirribilli-Milsons Point-McMahons Point continuing to have the highest average rates and North Sydney-Crows Nest, the lowest. This ensures consistency in the rating structure and does not alter the relative burden across the various suburbs.

Minimum Rates

Council's current rating structure for ordinary rates is based on a minimum rate, with each property paying a minimum of \$744. Of the 37,347 residential assessments, 77.48% ratepayers currently pay the minimum rate. This is largely due to the high density within the Local Government Area and the practice of levying rates on unimproved land values. However, maintaining low minimum rates limits Council's ability to generate sufficient revenue to meet the demands of a growing population.

| Option | 2026/27 | 2027/28 | 2028/29 | overall increase \$ (vs. Base case) | overall increase % (vs base case) |
|---|----------|------------|------------|--|--------------------------------------|
| | | | | | |
| Option 1 Base case (do nothing) | \$773.60 | \$796.81 | \$820.71 | | |
| Option 2 Minimum Rate: Residential | \$970.72 | \$1,094.98 | \$1,171.63 | \$350.92 | 43% |
| Option 3 Minimum Rate: Residential | \$970.72 | \$1,116.32 | \$1,216.79 | \$396.08 | 48% |

TABLE 23: PROPOSED MINIMUM RESIDENTIAL RATES

Option 2 and Option 3 propose an increase on minimum rates by \$350.92 and \$396.08 respectively. This increase will impact mainly apartments and will have the greatest impact on North Sydney and Neutral Bay areas.

| Suburb | Count of No. of Assessment | % |
|-----------------------|----------------------------|-----|
| North Sydney | 4,662 | 16% |
| Neutral Bay | 4,306 | 15% |
| Cremorne | 4,258 | 15% |
| Wollstonecraft | 3,757 | 13% |
| Cammeray | 2,106 | 7% |
| Crows Nest | 1,736 | 6% |
| Milsons Point | 1,688 | 6% |
| St Leonards | 1,495 | 5% |
| Kirribilli | 1,458 | 5% |
| Waverton | 1,122 | 4% |
| McMahons Point | 855 | 3% |
| Cremorne Point | 746 | 3% |
| Kurraba Point | 449 | 2% |
| Lavendar Bay | 297 | 1% |
| Grand Total | 28,935 | |

TABLE 24: MINIMUM RATES BY SUBURB

Summary

The recommended SV Option 3 is considered to represent a reasonable impact across all groupings within the Local Government Area, with no area disproportionately affected by the changes.

Rates – Business

While comparison of average business rates is a standard section in Capacity to Pay reports prepared for special rate variation applications - and is included further in this report - it is important to highlight that comparing average business rates across councils or even across suburbs within the same council is not meaningful. This is because business rate assessments can vary significantly, especially in CBD-like areas. For example, some business properties, such as large office buildings without strata, are rated on extremely high land values (sometimes around \$100 million), whereas similar-sized buildings next door that are strata-titled may pay

only the minimum rate per office and per assessment. As a result, using averages in this way does not necessarily provide an accurate picture of the real-world impacts on businesses.

It is also important to note that the majority of large office buildings within the CBD are owned or occupied by major corporations with financial capacity to absorb increases in business rates. In fact, 5.04% of total business assessments within North Sydney LGA pay 57.31% of the total business rating revenue. This highlights that the application of average business rates across the sector does not necessarily reflect the differing financial resilience of businesses, particularly between large corporate occupiers and smaller commercial operators.

In North Sydney, of the 3,431 business assessments:

- 1,129 or 33% will pay the minimum rate;
- 2,302 or 67% will pay the ad valorem rate based upon unimproved land value;
- 5.04% or 173 business assessments of business ratepayers will pay \$14.1M or 57.31% of the total business rate, and 59.53% of the total business ad valorem rate.

Option 2 – average rate impact analysis

| Business - average rates | 2025/26 average rate by grouping | 2028/29 Base case - do nothing (\$) | 2028/29 Option 2 average (\$) | Annual increase (above rate peg) by end of 2028/29 (\$) | Weekly increase above rate peg (\$) | Total cumulative average increase (above rate peg) over 3 years (\$) |
|---|----------------------------------|-------------------------------------|-------------------------------|---|-------------------------------------|--|
| Cremorne Cammeray | \$4,106 | \$4,530 | \$5,766 | \$412 | \$8 | \$1,236 |
| Kirribilli-Milsons Point-McMahons Point | \$5,413 | \$5,972 | \$7,571 | \$533 | \$10 | \$1,599 |
| Neutral Bay-Cremorne Point-Kurraba Point | \$5,394 | \$5,951 | \$7,543 | \$531 | \$10 | \$1,592 |
| North Sydney-Crows Nest | \$9,136 | \$10,080 | \$12,768 | \$896 | \$17 | \$2,688 |
| Wollstonecraft-Waverton | \$2,046 | \$2,258 | \$2,928 | \$224 | \$4 | \$671 |

TABLE 25: AVERAGE BUSINESS RATE IMPACT ANALYSIS (OPTION 2)

Option 2 raises Wollstonecraft-Waverton business rates by an average of \$671 and North Sydney-Crow's Nest by \$2,688. As mentioned, modern multi-storey offices owned by single entities significantly impact the average increase.

Option 2 will maintain the same order of suburbs in terms of average rates paid, with North Sydney-Crow's Nest continuing to have the highest average rates and Wollstonecraft-Waverton, the lowest.

Option 3 – average rate impact analysis

| Business - average rates | 2025/26 average rate by grouping | 2028/29 Base case - do nothing (\$) | 2028/29 Option 3 average (\$) | Annual increase (above rate peg) by end of 2028/29 (\$) | Weekly increase above rate peg (\$) | Total cumulative average increase (above rate peg) over 3 years |
|---|----------------------------------|-------------------------------------|-------------------------------|---|-------------------------------------|---|
| Cremorne Cammeray | 4,106 | 4,530 | 6,297 | 589 | 11 | 1,767 |
| Kirribilli-Milsons Point-McMahons Point | 5,413 | 5,972 | 8,290 | 773 | 15 | 2,318 |
| Neutral Bay-Cremorne Point-Kurraba Point | 5,394 | 5,951 | 8,261 | 770 | 15 | 2,310 |
| North Sydney-Crows Nest | 9,136 | 10,080 | 14,000 | 1,307 | 25 | 3,920 |
| Wollstonecraft-Waverton | 2,046 | 2,258 | 3,160 | 301 | 6 | 902 |

TABLE 26: AVERAGE BUSINESS RATE IMPACT ANALYSIS (OPTION 3)

Option 3 raises Wollstonecraft-Waverton business rates by an average of \$902, and North Sydney-Crow's Nest by \$3,910. As mentioned, modern multi-storey offices owned by single entities significantly impact the average increase.

Option 3 will maintain the same order of suburbs in terms of average rates paid, with North Sydney-Crow's Nest continuing to have the highest average rates and Wollstonecraft-Waverton, the lowest.

Minimum rate – business

| Option | 2026/27 | 2027/28 | 2028/29 | overall increase \$ (vs. base case) | overall increase % (vs base case) |
|--|----------|------------|------------|-------------------------------------|-----------------------------------|
| Option 1 Base case (do nothing) | \$773.60 | \$796.81 | \$820.71 | | |
| Option 2 Minimum Rate: Business | \$970.72 | \$1,094.98 | \$1,171.63 | \$350.92 | 43% |
| Option 3 Minimum Rate: Business | \$970.72 | \$1,116.32 | \$1,216.79 | \$396.08 | 48% |

TABLE 27: MINIMUM RATES - BUSINESS

As shown in the table above, 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 rate 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.

| Suburb | Count of No. of Assessment | % |
|-----------------------|----------------------------|-----|
| Cammeray | 22 | 2% |
| Cremorne | 170 | 15% |
| Cremorne Point | 1 | 0% |
| Crows Nest | 87 | 8% |
| Kirribilli | 12 | 1% |
| Kurraba Point | 5 | 0% |
| Lavendar Bay | 6 | 1% |
| McMahons Point | 19 | 2% |
| Milsons Point | 77 | 7% |
| Neutral Bay | 148 | 13% |
| North Sydney | 447 | 40% |
| St Leonards | 69 | 6% |
| Waverton | 11 | 1% |
| Wollstonecraft | 55 | 5% |
| Grand Total | 1,129 | |

TABLE 28: MINIMUM RATES BY SUBURB

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.

How North Sydney Council's rates compare to other councils

A comparison of Council's average residential rates is set out in Table 29, below. It shows that:

- in 2025-26, its average residential rates are lower than the averages for comparable councils based on locality, SEIFA, CBD councils and OLG Group 3 councils.
- in the final year of the proposed Special Variation period, 2028-29, Council's average rates are projected to remain lower than those of comparable councils when assessed on the basis of both locality and CBD status. Rates will be slightly higher than the average rates of councils grouped by SEIFA and OLG groupings, with the difference amounting to \$15 above the SEIFA grouping average and \$80 above the OLG grouping average.

| Council | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|--|--------------|--------------|--------------|--------------|
| North Sydney Council (Option 3) | 1,076 | 1,327 | 1,515 | 1,638 |
| North Sydney Council (Option 2) | 1,076 | 1,295 | 1,422 | 1,506 |
| Comparable based locality | | | | |
| Lane Cove | 1,433 | 1,501 | 1,546 | 1,592 |
| Mosman | 1,759 | 1,831 | 1,886 | 1,943 |
| Northern Beaches | 1,902 | 2,124 | 2,188 | 2,254 |
| Waverley | 1,326 | 1,394 | 1,436 | 1,479 |
| Willoughby | 1,323 | 1,392 | 1,434 | 1,477 |
| Average | 1,549 | 1,649 | 1,698 | 1,749 |
| Comparable based on SEIFA rank | | | | |
| Ku-ring-gai | 1,718 | 1,793 | 1,847 | 1,902 |
| The Hills | 1,293 | 1,354 | 1,394 | 1,436 |
| Canada Bay | 1,286 | 1,345 | 1,385 | 1,427 |
| Hornsby | 1,527 | 1,611 | 1,659 | 1,709 |
| Average | 1,456 | 1,526 | 1,572 | 1,619 |
| Comparable based on councils with CBD | | | | |
| Burwood | 1,808 | 1,882 | 1,938 | 1,996 |
| Parramatta | 1,170 | 1,226 | 1,263 | 1,301 |
| Strathfield | 1,458 | 1,567 | 1,614 | 1,663 |
| Sydney | 909 | 931 | 959 | 1,700 |
| Average | 1,336 | 1,402 | 1,444 | 1,665 |
| Comparable based on OLG group average | 1,374 | 1,455 | 1,508 | 1,558 |

TABLE 29: COMPARISON OF COUNCIL'S AVERAGE RESIDENTIAL RATES UNDER THE PROPOSED SV

While comparison of average business rates is a standard section in Capacity to Pay reports prepared for special rate variation applications, it is important to highlight that comparing average business rates across councils or even across suburbs within the same council is not meaningful. This is because business rate assessments can vary significantly, especially in CBD-like areas. For example, some business properties, such as large office buildings without strata, are rated on extremely high land values (sometimes around \$100 million), whereas similar-sized buildings next door that are strata-titled may pay only the minimum rate per office and per assessment. As a result, using averages in this way does not necessarily provide an accurate picture of the real-world impacts on businesses.

Table 30 presents a comparison of the council's average business rates. The analysis indicates that:

- the current average business rates are lower than those of comparable councils with a CBD, as well as lower than the OLG grouping average. However, business rates exceed those of councils of similar SEIFA ranking and locality.
- for 2025-26, North Sydney's average business rate remains notably below the average for councils with a CBD. With the proposed Special Variation, the average business rate for 2028-29 is projected to be below the CBD council average.

| Council | 2025- 26 \$ | 2026-27 \$ | 2027-28 \$ | 2028-29 \$ |
|--|-------------------|---------------|---------------|---------------|
| North Sydney Council (Option 3) | 7,193 | 8,810 | 10,151 | 11,022 |
| North Sydney Council (Option 2) | 7,193 | 8,583 | 9,476 | 10,059 |
| Comparable based locality | | | | |
| Lane Cove | 5,781 | 6,053 | 6,234 | 6,421 |
| Mosman | 4,181 | 4,286 | 4,462 | 4,733 |
| Northern Beaches | 4,508 | 5,053 | 5,645 | 5,988 |
| Waverley | 8,346 | 8,554 | 8,999 | 9,547 |
| Willoughby | 9,146 | 9,987 | 10,506 | 11,146 |
| Average | 6,392 | 6,787 | 7,169 | 7,567 |
| Comparable based on SEIFA rank | | | | |
| Ku-ring-gai | 4,981 | 5,285 | 5,683 | 5,853 |
| The Hills | 2,574 | 2,734 | 2,948 | 3,037 |
| Canada Bay | 3,901 | 4,050 | 4,363 | 4,494 |
| Hornsby | 3,637 | 3,826 | 4,157 | 4,282 |
| Average | 3,773 | 3,974 | 4,288 | 4,417 |
| Comparable based on councils with CBD | | | | |
| Burwood | 8,567 | 9,218 | 9,884 | 10,180 |
| Parramatta | 14,258 | 15,142 | 16,345 | 16,835 |
| Strathfield | 8,609 | 10,116 | 11,200 | 11,536 |
| Sydney | 14,438 | 15,030 | 16,348 | 16,838 |
| Average | 11,468 | 12,376 | 13,444 | 13,848 |
| Comparable based on OLG group | 8,057 | 8,437 | 8,690 | 8,950 |

TABLE 30: COMPARISON OF COUNCIL'S AVERAGE BUSINESS RATES UNDER THE PROPOSED SV

Table 31 on the next page provides a comparison of the current minimum rates for both residential and business categories across metropolitan councils. It also presents the projected minimum rates for 2028-29 for North Sydney Council under Option 3 of the Special Variation, alongside the projected rates of other metropolitan councils.

The comparison of minimum residential rates clearly demonstrates that the current minimum rates in North Sydney Council are significantly lower than the average across other metropolitan councils. In fact, North Sydney's minimum residential rate is the fourth lowest out of 22 councils surveyed, highlighting its position at the lower end of the spectrum for rate charges in the Sydney metropolitan area.

By 2028-29, North Sydney's minimum rates will be just above the projected average, yet it will still rank as the fifteenth lowest among 22 councils for minimum residential rates (assuming no other councils introduce new special variations in that time, which would bring North Sydney Council even further towards the lower end). This means that North Sydney will be positioned close to the middle of the metropolitan rate spectrum, even after the proposed changes.

Similarly, North Sydney's minimum business rates are currently significantly below the metropolitan average, ranking as the third cheapest out of 21 councils. The projected minimum rates for 2028-29 indicate that North Sydney's business rates will remain below the metropolitan average, with Council moving to the 11th cheapest position among the 21 metropolitan councils that have minimum rates. This demonstrates that, even after the proposed changes, North Sydney Council will continue to offer affordable business rates compared to most other metropolitan councils.

| Council | 2025-26 Residential | 2028-29 Residential | 2025-26 Business | 2028-29 Business |
|--|------------------------|------------------------|---------------------|---------------------|
| North Sydney Council (Option 3) | 744 | 1,217 | 744 | 1,217 |
| North Sydney Council (Option 2) | 744 | 1,172 | 744 | 1,172 |
| Ku-ring-gai | 669 | 742 | 669 | 742 |
| Ryde | 695 | 776 | 695 | 776 |
| Sydney | 696 | 780 | 891 | 998 |
| Waverley | 775 | 865 | n/a | n/a |
| Woollahra | 815 | 914 | 871 | 977 |
| Hunters Hill | 827 | 927 | n/a | n/a |
| Parramatta | 839 | 933 | 860 | 956 |
| Cumberland | 921 | 1,020 | 1,409 | 1,561 |
| Bayside | 926 | 1,021 | 926 | 1,021 |
| Inner West | 978 | 1,083 | 944 | 1,045 |
| Canada Bay | 1,030 | 1,143 | 1,030 | 1,143 |
| Willoughby | 1,052 | 1,174 | 1,496 | 1,669 |
| Lane Cove | 1,073 | 1,192 | 1,096 | 1,218 |
| Canterbury-Bankstown | 1,087 | 1,183 | 1,087 | 1,183 |
| Sutherland | 1,102 | 1,218 | 1,102 | 1,218 |
| Randwick | 1,126 | 1,255 | 1,815 | 2,022 |
| Blacktown | 1,140 | 1,275 | 1,221 | 1,365 |
| Northern Beaches | 1,233 | 1,461 | 1,605 | 1,902 |
| Georges River | 1,257 | 1,227 | 1,257 | 1,227 |
| Strathfield | 1,282 | 1,406 | 1,282 | 1,406 |
| Burwood | 1,299 | 1,435 | 1,657 | 1,830 |
| Liverpool | n/a | n/a | 830 | 896 |
| Fairfield | n/a | n/a | n/a | n/a |
| Mosman | n/a | n/a | n/a | n/a |
| Average | 992 | 1,097 | 1,137 | 1,258 |

TABLE 31: MINIMUM RATES FOR COUNCILS IN SYDNEY METROPOLITAN AREA, 2025-26 ACTUAL AND 2028-29 PROJECTED

Conclusion

Residential Ratepayers – Capacity to Pay

North Sydney's residential community is among the most socio-economically advantaged in Australia, with all suburbs ranking in the top 1–2% nationally. The majority of households fall into the top half of NSW's income distribution, and unemployment is low. Although 43% of households are classified as “at risk” (lone-person or single-parent), this is largely driven by financially secure professionals and asset-rich retirees, not vulnerable groups. Pensioner rebate uptake is low (4%), and only 2.5% of residents require daily assistance, indicating minimal financial stress.

Mortgage and rental stress levels are significantly below Greater Sydney averages, and rates arrears are low, with most being recent balances.

Given the area's high incomes, low debt stress, and strong payment history, the report concludes that North Sydney's residential ratepayers have the capacity to pay the proposed rate increases, with Council's hardship provisions ensuring equity and support where needed.

Business Ratepayers – Capacity to Pay

North Sydney's business sector is financially robust, supported by a thriving local economy. The area is dominated by high-income, resilient industries such as professional services, tech, and finance. Commercial rents are among the highest in Greater Sydney, and all business precincts rank in the top 1% nationally for socio-economic advantage. Business rate arrears are low (under 4%), and most businesses pay on time, indicating strong capacity and willingness to meet financial obligations.

The rate base is skewed towards large landholders - just 5% of business accounts contribute over 57% of total business rates. These entities typically have the financial strength to absorb increases, while smaller businesses often pay only the minimum rate. Given tax deductibility the net impact on rates increase on most businesses is modest.

Council's *Financial Hardship Policy* is available for isolated cases, but the overall financial indicators such as low arrears, strong growth, and high-value property holdings support the conclusion that North Sydney's business community is well-positioned to absorb the proposed rate increases without significant strain.