



Independent Pricing and Regulatory Tribunal (IPART)
Level 15, 2-24 Rawson Place
SYDNEY NSW 2000

Attention: Mr John Madden

12 March 2019

Objection re: North Sydney Council Special Rate Variation application 2019

I request IPART to reject North Sydney Council's application for a 7%pa increase in rates for five 5 years, starting in 2019/2020.

No financial justification

North Sydney Council recently concluded a SRV which was approved by IPART and ran from 1 July 2012 to 30 June 2018. The purpose of that SRV was initiated to address structural issues as a result of rate freezes in the 1980s and historically low rates at the commencement of the rate pegging regime.

The last SRV was promoted to the community (and accepted) as a "one off" rate increase (SRV) to address a structural issue. There is no question that this structural issue has now been fixed.

North Sydney Council is in excellent financial shape. For example,

- Council continues to run and project surpluses (unlike neighbouring councils),
- Council has significant reserves (more than \$37 million) notwithstanding a deliberate policy over the last 5 years to reduce the infrastructure backlog by utilising reserves for that purpose,
- Council meets and exceeds Office of Local Government financial benchmarks.

Flawed modelling used to justify the increase

The North Sydney Council modelling for the rate variation is flawed.

The "planning assumptions" set out in the Resourcing Strategy publicly exhibited in May and December 2018 does not include:

- the significant projected increase in new rateable residential and business properties as a result of current construction and State government policies set to deliver significant increases in residential and worker population (more rateable dwellings and commercial buildings);
- existing and future s7.11 development contributions and community benefits and infrastructure to be delivered via Voluntary Planning Agreements;
- detail on Council's existing and projected investments and interest and actual grant revenue; and
- detail on Valuer-General's revaluations expected over the next 10 years.

Council attaches the TCorp Financial Assessment Report dated April 2013 to the SRV application. The TCorp financial reports were prepared for the State Government in order to justify the forced amalgamations of councils across NSW which were largely abandoned. They were not prepared to justify rate rises. In any case these TCorp reports have been widely discredited by LGNSW and councils, including North Sydney Council. It seems somewhat perverse that North Sydney Council would now seek to rely on this report as it strongly criticised the accuracy of the conclusions in other forums at the time and subsequently.

The TCorp report has been put forward by Council as part of Council's case to justify the SRV on a confidential basis and is not available to the public. This is another example of Council failing to provide adequate information to ratepayers to properly understand the SRV application and should not be relied upon to inform a true understanding of Council's financial position.

Furthermore, North Sydney Council has not explored alternatives to a rate increase such as alternative revenue streams, service levels, internal efficiencies nor considered the use of special levies tied to specific infrastructure projects such as the existing stormwater levy.

Cost of living pressures

No increase in rates above the rate peg amount can be supported in the current economic climate with increased cost of living pressures, including large increases in the cost of utilities, at a time of historic low wages growth and low interest rates severely impacting fixed income ratepayers of which there are a significant number in the North Sydney LGA. Why should North Sydney Council get a huge income increase at a time when its residents are not? It needs to manage its revenue and expenses better like everyone else.

If approved, by 2024/25 rates will have increased by an additional 40% over those paid by ratepayers today. This is an astonishing amount in a very low inflation environment.

Inadequate "community consultation"

The 'community consultation' such as it was, was a snow job. It was rushed, undertaken mostly over the Christmas/New Year period and the publicly exhibited documents did not provide the required detail to enable residents and ratepayers to make a fully informed decision. I attended one of the public meetings in December 2014 and found council staff unable to respond to simple questions about the 3 proposals (0, 5 and 7% increases). The overwhelming majority of attendees supported the 0% option.

I urge you to reject the application for a SRV for North Sydney Council.

Yours sincerely

██████████ (North Sydney resident since May 1993).