

Dianne Kennedy, Resident Rate Payer

[REDACTED]
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Independent Pricing and Regulatory Tribunal
Level 15, 2-24 Rawson Place
SYDNEY NSW 2000

Attention: Mr John Madden

Objection: Special Rate Variation application 2019 by North Sydney Council

As a resident rate payer, I write to express my serious concerns relating to North Sydney Council's application for a Special Rate Variation and implore IPART to reject North Sydney Council's application for a 7% pa increase in rates for five 5 years, commencing in 2019.

Reason 1:

1. Four out ten North Sydney Councillors voted NOT to apply for the proposed SRV. All of these respected Councillors, in unison, objected to the need for such an unnecessary increase in rates burdening their constituents. All of these same four Councillors made their decisions based on their sound knowledge and understanding of Council's current financial status. Their unquestionable credentials and long term service on a multitude of very relevant Council committees, evidences their ability in being able to accurately assess that the proposed increase, which amounts to a gigantic 40% increase over 5 years, cannot be substantiated.
2. Respectfully, please also note that the majority of those Councillors who voted to submit this unsupportable SRV application were only recently elected to Council in Sept 2017. These first-time elected Councillors are inexperienced and face a steep learning curve in comprehending local government generally - especially the intricacies and unique characteristics of local government accounting and finances.

Therefore, I ask that you give the appropriate weight to the experience and in-depth knowledge of our experienced Councillors' recommendation that such an increase is not necessary at this time.

Reason 2:

1. North Sydney Council recently concluded a SRV, which was approved by IPART and ran from 1 July 2012 to 30 June 2018. Its purpose 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. This last SRV increase was promoted to the community and accepted as a "one off" rate increase to address a structural issue. This structural issue has now been fixed and there is no evidence put forward by Council to suggest that the recently concluded SRV was unsuccessful.

There is no evidence to suggest that a further, an even higher, SRV is necessary or justified.

Reason 3:

In fact, there is significant evidence that North Sydney Council is in sound financial shape. As an example -

1. Council continues to run and project surpluses - extremely unusual in local government!
2. 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
3. Council meets and exceeds Office of Local Government financial benchmarks.

Reason 4.

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:

1. 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)
2. existing and future S7.11 development contributions and community benefits and infrastructure to be delivered via Voluntary Planning Agreements
3. detail on Council’s existing and projected investments and interest and actual grant revenue; and
4. detail on Valuer-General’s revaluations expected over the next 10 years.

North Sydney Council attaches to their SRV submission the TCorp Financial Assessment Report dated April 2013, which have been widely discredited by LGNSW and various councils, including North Sydney Council! It is somewhat incredible that Council would now seek to rely on this report as it strongly criticised the accuracy of the conclusions in other forums. This same 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! Transparency is imperative for the proper functioning of governments.** 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.

Additionally, it seems that 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.

Reason 5.

Inefficient and lack of careful use of Council resources. An example of waste and inefficiencies by this Council over the last 12 months includes instances that Council has re-designed and reconstructed a roundabout at MacPherson and Bannerman Streets, Cremorne Point **three (3) times!**

Clearly, Council has not demonstrated efficient or careful use of Council resources in this matter. No doubt there will be other examples.

Reason 6.

Cost of living pressures. In my personal and widely supported neighbourhood and constituent opinion, any increase in rates above the rate peg amount cannot be supported in the current economic climate with increased cost of living pressures - including large increases in the cost of utilities, at a time of historic low wages growth and low interest rates (impacting a significant number of fixed income ratepayers).

If approved, by 2024/25 rates will have increased an additional 40% over those paid by ratepayers today! Totally unjustifiable.

Reason 7.

Inadequate and misleading “community consultation”. This statement by Council to IPART is misleading and does not reflect the community’s preferences and willingness to pay.

In fact, my area “Precinct Committee Meeting” was not consulted until after the close date by Council for feedback. It is telling that most of the Precincts were not involved in the community consultation and did not meet (in order to be able to make a formal submission to Council) until after the exhibition period ended and the Extraordinary Council meeting had been held.

Furthermore, the SRV community consultation was not advertised in the North Shore Times - a local newspaper that covers a significant portion of the local government area - which is also widely

known to be irregularly delivered. That is, areas that do not receive the Mosman Daily such as Waverton, Wollstonecraft, Crows Nest and St Leonards were not covered in the advertising undertaken by Council. My suburb is one of those suburbs which is amongst the most densely populated in the North Sydney local government area.

Based on the above and after very careful consideration, I urge you to reject the application for a SRV for the reasons set out above.

Yours faithfully

Dianne Kennedy