

Submission to IPART concerning North Sydney Council's proposed rate increase

1. This submission is made on behalf of the Waverton Precinct. Waverton Precinct is a community and residents group established by the Council, one of several across the LGA. It meets monthly and raises issues of concern to Council via its Minutes and receives a monthly update on all matters which have been raised back from the Council.
2. An issue of recent concern has been the proposal by the Council to apply to IPART for a special rate variation (SRV) of 7% per annum for the next 5 year period. The proposed increase is inclusive of the annual rate peg and the minimum rate increase.
3. North Sydney Council did offer 4 community consultation sessions around their "Investing in Our Future" campaign - as it was titled - over the November/December 2018 period, which were poorly attended. The public notification was in the 'Mosman Daily' but that newspaper is not sent to houses in Waverton, Wollstonecraft, Crows Nest, or St. Leonards. Instead they receive and always have received 'The North Shore Times'.
4. The Precincts joint meeting (at which they could have decided a unified position to put to Council) was not scheduled until after the exhibition period closed and after the Extraordinary meeting of Council which decided to pursue this SRV had been held. For this reason each Precinct now must make a submission direct to IPART.
5. North Sydney Council recently concluded a SRV period, which was approved by IPART and ran from July 2012 to June 2018. That SRV was initiated to address structural issues resulting from rate freezes through the 1980's and historically low rate levels which coincidentally existed at the beginning of the rate pegging regime. That SRV was sold to the community - and largely accepted by the community - as a 'one off' adjustment to fix an historical structural issue, which does now appear to have been corrected.
6. North Sydney Council currently appears to be in sound financial shape. It continues to run and project surpluses in its budget; it has significant cash reserves (over \$37m); and it exceeds all the financial benchmarks of the Office of Local Government.
7. North Sydney Council is expected by its residents to provide a high level of maintenance and periodic improvement to all its public facilities. The municipality, in particular the waterfront suburbs like Waverton, are fortunate to have large bushland reserves and parks and sports fields and there is a need to keep these in continual good order, especially with the steady growth in pedestrian tourist numbers in the area. The Precinct concedes it requires a lot of work by the Council to maintain the quality of these green areas and the local road and footpaths, to service these growing numbers of tourists and residents .
8. With initiatives like the massive Coal Loader Platform, opened in 2017 after an expenditure of \$16m, and with the likely development of the Sydney Harbour

Highline Park on the old railway line from Waverton Station to Luna Park, let alone the eventual redevelopment of the southern arm of Berrys Bay, in this particular suburb alone the Council will have a constant pressure to 'do more' to keep these areas in great shape for the increased public use – and pedestrian and vehicle traffic -which will inevitably occur.

9. Notwithstanding these real life pressures on the future needed level of capital spending and maintenance, Precinct considers the Council reasoning behind its submission is based on an incorrect starting assumption. The base point is taken as the level of spending just before the last Council elections and the year following. At that time, we submit, Council was deliberately spending on capital projects at a level well above its normal historical levels. The thinking behind this accelerated level of spending was possibly related to the proposal by the State Government to merge North Sydney with other Council areas. Although this did not occur in the end, the Council at that time appeared to be deliberately “spending big” to avoid its financial reserves being taken over by another, larger entity via a forced merger.
10. The submission for the SRV by the Council in our view also erroneously omits the significant projected increase in new rateable residential and business properties which must result from the current high levels of construction already underway in North Sydney CBD and the surge in s7.11 development contributions which will flow from the array of development applications currently before Council - most notably in Crows Nest and in the North Sydney CBD - triggered by the opening new Metro stations in both areas which is scheduled for 2021. In the same manner, the submission from North Sydney Council also fails to mention the rise in Valuer-General valuations of properties in the North Sydney area, which will be an inevitable result of the intensive construction period of new and much larger office buildings and residential towers which is now underway.
11. Furthermore, North Sydney Council does not appear to have explored any alternatives to a rate increase from other sources such as non-developer revenue streams; alterations to the current levels of services; addressing any possible internal inefficiencies; or considered the use of special levies tied to specific infrastructure projects (for example, there is an existing stormwater levy).
12. Given this situation, and while requiring Council to spend more in this and other suburbs of the municipality in the next 5 year period to improve the public infrastructure, Waverton Precinct is unconvinced the increase needs to be at the level sought by the Council. If the SRV as sought is approved, by 2024/25 rates will have increased by an additional 40% of the current levels. This seems unwarranted, in our view.

Ian Grey
Chair Waverton Precinct