

North Sydney Council's application for a special variation

Local Government — Determination
June 2011

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1 Determination and executive summary

The Independent Pricing and Regulatory Tribunal (IPART) is responsible for determining the amount by which councils can increase their general income each year. General income mainly includes rates income. We set a rate peg amount each year that applies to all councils. In addition, councils can apply to us for a special variation, which allows councils to increase their general income, by more than the rate peg amount.

North Sydney Council have applied to us to increase their general income. We have assessed and made a determination regarding the council's application.

We have decided to partially approve the special variation as requested by the council. We are allowing a special variation to its general income for the period 2011/12 to 2017/18, of 5.5% each year, including the rate peg. The council's general income will increase by an average of 2.5% a year above the rate peg amount over the next 7 years.

We assessed the application against criteria included in the *Guidelines for the preparation of an application for a special variation to general income in 2011/2012*¹ (the Guidelines) issued by the Division of Local Government, Department of Premier and Cabinet (DLG).

This determination was made under section 508A of the *Local Government Act 1993* (the Act). By the operation of the Act and the Guidelines any increases in rates income determined by us under section 508A of the Act must be permanently incorporated into the council's general income.²

This report sets out our determination and the conditions we have attached to it, and explains the council's application and our assessment of it.

¹ Division of Local Government (DLG), Department of Premier and Cabinet, December 2010.

² DLG, *Guidelines for the preparation of an application for a special variation to general income in 2011/2012*, December 2010, p 9.

1.1 Summary of North Sydney Council's application

North Sydney Council has applied to IPART for a special variation under section 508A of the Act to increase its general income by:

- ▼ 5.5% in 2011/12
- ▼ 12.93% in 2012/13, including the value of an expiring levy
- ▼ 15.43% in 2013/14, including the value of an expiring levy
- ▼ 5.5% in 2014/15 to 2017/18.

These requested increases represent a cumulative increase of 70.4% (or 38.8% excluding the rate peg) over 7 years. The special variation reflects the total amount by which the council proposes to increase its general income. The council's general income would increase by an average of 4.9% a year above the rate peg amount over the next 7 years.

1.1.1 Components of special variation

The special variation reflects the total percentage amount by which the council proposes to increase its general income. It includes the rate peg and the value of an expiring special variation.

Rate peg

The special variation incorporates the rate peg increases that would otherwise be available to the council. IPART has set the rate peg increase for 2011/12 at 2.8%. We will set the rate peg increases for financial years from 2012/13 in December of the preceding year. For the purpose of this application the council has assumed the rate peg will be 3.0% from 2012/13. If it is higher or lower than assumed, this will generally have no impact on the council's future general income, as the special variation percentage has been determined and will apply in the period specified.³

Expiring special variation

The requested increases in 2012/13 and 2013/14 also include the value of existing levies. The infrastructure levy and environment levy are due to expire on 30 June 2012 and 30 June 2013 respectively. North Sydney Council is seeking to have the dollar value of these levies incorporated into their general income on a continuing basis when they expire.

³ Under the Act, a council may apply to IPART to vary or revoke a special variation made under section 508A in any year. Any application will be assessed against any applicable Guidelines.

1.1.2 Purpose of special variation

North Sydney Council is seeking the requested special variation to fund a program of expenditure identified in the council's community strategic plan, and includes items such as parks renewals, streetscape maintenance, social planning programs and road works. The program maintains the council's current service and asset maintenance levels. The council also proposes to borrow \$14.6m to fund the following projects:⁴

- ▼ upgrade of the car park in Alexander Street, Crows Nest in 2011/12
- ▼ upgrade of parking meters throughout the municipality in 2011/12
- ▼ major renewal works at North Sydney Olympic Pool, Stage 1 in 2018/19
- ▼ major renewal works at North Sydney Olympic Pool, Stage 2 in 2019/20.

1.1.3 Revenue impact of special variation

Table 1.1 includes the council's estimate⁵ of the total allowable increase in the council's general income in the period 2011/12 to 2017/18 with their requested special variation. This estimate has been verified by the DLG.

⁴ North Sydney Council, *Section 508A Special Variation Application Form – Part B*, pp 38-39.

⁵ It is not possible to determine the council's future general income with precision. A council's actual general income is affected by many factors, including the number of rateable properties and adjustments for previous under-collection or over-collection of rates made by councils. The DLG is responsible for monitoring and ensuring compliance.

Table 1.1 Special variation requested by North Sydney Council, including rate peg amount

	Year	Annual increase in general income	Cumulative increase in general income	Annual increase in general income	Cumulative increase in general income	Decrease from the expiry of a prior special variation	Permissible general income ^a
		(%)	(%)	(\$)	(\$)	(\$)	(\$)
Y1	2011/12	5.50	5.50	1,619,803	1,619,803		31,007,327
Y2	2012/13	12.93	19.14	3,745,470	5,365,273	-2,040,041	32,712,756
Y3	2013/14	15.43	37.52	4,613,205	9,978,479	-2,815,119	34,510,843
Y4	2014/15	5.50	45.09	1,898,096	11,876,575		36,408,939
Y5	2015/16	5.50	53.07	2,002,492	13,879,067		38,411,431
Y6	2016/17	5.50	61.49	2,112,629	15,991,695		40,524,059
Y7	2017/18	5.50	70.37	2,228,823	18,220,519		42,752,883

^a Permissible general income refers to the maximum general income that the council can generate in the year. It equals the previous year's notional general income level (2010/11) plus the annual dollar increase permitted by the special variation percentage.

Source: North Sydney Council, *Section 508A Special Variation Application Form - Part A*, Worksheet 1.

The council's special variation proposal would mean that average residential rates would increase by \$308.66 to \$777.11 over the period to 2017/18. Average business rates would increase by \$1,771.43 to \$4,427.02 over the period to 2017/18.

The increase in average residential and business rates is slightly different from the special variation percentages because of the effect of the expiring levies.

1.2 IPART's determination

IPART assessed North Sydney Council's 2011/12 special variation application in line with the Act and the Guidelines, and has determined not to approve the application as submitted. Instead we have decided to approve a lower percentage increase.

The approved special variation (including the rate peg amount) is set out in Table 1.2 below, subject to the conditions listed in Box 1.1.

Table 1.2 Approved special variation for North Sydney Council, including rate peg

	Year	Annual increase in general income (%)	Cumulative increase in general income (%)
Y1	2011/12	5.50	5.50
Y2	2012/13	5.50	11.30
Y3	2013/14	5.50	17.42
Y4	2014/15	5.50	23.88
Y5	2015/16	5.50	30.70
Y6	2016/17	5.50	37.88
Y7	2017/18	5.50	45.47

Source: IPART.

These increases represent a cumulative increase of 45.5% for these 7 years, or 18.5% above the assumed rate peg.

The approved special variation percentage includes the rate peg increase.

Table 1.3 includes IPART's estimate of the general income resulting from the determination.

Box 1.1 Conditions attached to approval of the special variation for North Sydney Council

IPART's approval of North Sydney's application for a special variation over the period from 2011/12 to 2017/18 is subject to the following conditions:

- ▼ The council uses the additional income from the special variation for the purposes of funding the community strategic plan expenditures outlined in the council's application as listed in Appendix A.
- ▼ The council reports in its annual report for each rating year over the period 2011/12 to 2020/21 on:
 - the community strategic plan works listed in Appendix A
 - the outcomes achieved as a result of the special variation
 - its asset renewal and maintenance expenditure
 - its productivity savings achieved, and
 - any significant variations from its financial results as forecast in its Long Term Financial Plan and any corrective action taken or to be taken.

Table 1.3 Approved special variation (including rate peg) – general income estimate

	Year	Annual increase in general income (%)	Cumulative increase in general income (%)	Annual increase in general income (\$)	Cumulative increase in general income (\$)	Decrease from the expiry of a prior special variation (\$)	Permissible general income ^a (\$)
Y1	2011/12	5.50	5.50	1,619,803	1,619,803		31,007,327
Y2	2012/13	5.50	11.30	1,593,201	3,213,004	-2,040,041	30,560,487
Y3	2013/14	5.50	17.42	1,525,995	4,738,999	-2,815,119	29,271,363
Y4	2014/15	5.50	23.88	1,609,925	6,348,924		30,881,288
Y5	2015/16	5.50	30.70	1,698,471	8,047,395		32,579,759
Y6	2016/17	5.50	37.88	1,791,887	9,839,282		34,371,646
Y7	2017/18	5.50	45.47	1,890,441	11,729,722		36,262,086

^a Permissible general income refers to the maximum general income that the council can generate in the year. It equals the previous year's notional general income level (2010/11) plus the annual dollar increase permitted by the special variation percentage.

Source: IPART calculations.

For the council, our decision means that its general income is estimated to increase to about \$36.26m by 2017/18. This estimate may change; the council may determine a different rating structure based on the approved special variation.

1.3 Summary of IPART's assessment

North Sydney Council's application for a special variation was comprehensive and we consider that some level of special variation is appropriate. We have not approved the application in full as the increases requested in 2012/13 and 2013/14 were not clearly presented to the community. The increases (12.93% in 2012/13 and 15.43% in 2013/14) incorporate the expiring infrastructure and environment levies into the council's general income on a continuing basis. Community consultation materials on the special variation did not clearly indicate that these levies would continue under the special variation proposal. The council consulted with its community on the basis of a 6% increase per annum for 7 years. The council subsequently reduced the amount requested to 5.5% for 7 years.

We consider it probable that the council will need to seek a further increase in the future, particularly with regard to planned renewal spending on North Sydney Olympic Pool in 2018/19 and 2019/20.

A summary of IPART's assessment of the council's application against the 6 criteria in the Guidelines is provided in Table 1.4. We note that the council's application adequately met 5 of the 6 criteria in the Guidelines for s508A applications. We consider that the inclusion of expiring levies as part of the special variation increase was not sufficiently explained during consultation. As a result, the criterion of demonstrated community support for the special variation was not fully met. As a result of this concern, the council's special variation application was only partially approved.

Table 1.4 Summary of our assessment of North Sydney Council's application against the 6 criteria in the Guidelines

Criteria	Assessment summary
1. Demonstrated need for the rate increases derived from the council's Integrated Planning and Reporting Framework (IPRF)	North Sydney Council has developed expenditure programs and projects that are consistent with the community strategic plan. The council has also investigated alternative forms of funding.
2. Demonstrated community support for the special variation	The council has undertaken extensive community consultation regarding the requested special variation application. The inclusion of the expiring infrastructure and environment levies as part of the ordinary rate base was not sufficiently explained during consultation on the special variation.
3. Reasonable impact on ratepayers	An assessment has been made of the ratepayers' capacity to pay and a comparison with similar council areas. The special variation is considered to be reasonable.
4. Sustainable financing strategy consistent with the principles of intergenerational equity	The council has selected a borrowing program that addresses the issues of intergenerational inequity and is financially sustainable.
5. An explanation of the productivity improvements the council has realised in past years, and plans to realise over the requested special variation period	The council has achieved productivity savings in the past and is endeavouring to do so in the future. We encourage the council to continue exploring opportunities for further productivity improvements.
6. Implementation of Integrated Planning and Reporting Framework	The DLG advised IPART that the council's implementation of the Integrated Planning and Reporting Framework (IPRF) reforms was more than satisfactory, with all plans/documentation reviewed by the DLG.

1.4 Structure of this report

The rest of this report explains the council's application and our assessment in more detail:

- ▼ Chapter 2 provides some background information, including North Sydney Council's profile, sources of revenue, and recent revenue and expenditure trends
- ▼ Chapter 3 summarises the council's 2011/12 application for a special variation
- ▼ Chapter 4 discusses in detail our assessment of the application against the 6 criteria included in the Guidelines.

2 Background

2.1 North Sydney Council's profile

The North Sydney Local Government Area (LGA) is located in Sydney's inner northern suburbs. It comprises 2 central business districts as well as smaller suburban centres, residential areas, parks and open spaces.

North Sydney Council is a small to medium metropolitan council with a high population density, a significant annual operating budget and a high level of resources. It is fourth highest on the SEIFA index, indicating it is one of the least disadvantaged communities in NSW.⁶

Average residential rates in the North Sydney LGA⁷ were \$455 per assessment in 2009/10. This is 49% below the average of \$886 for other councils in the same Division of Local Government (DLG) grouping⁸ and 29% below the average of \$643 for the state.⁹ The LGA has a high proportion of ratepayers on minimum rates as many residents live in high density developments.¹⁰

⁶ SEIFA is the Socio-Economic Indexes for Areas published by the Australian Bureau of Statistics and incorporates a number of individual indexes and can be used to determine the level of social and economic well-being in regions relative to one another. One of the indexes is the Index of Relative Socio-economic Advantage and Disadvantage for NSW in 2006. The SEIFA used in this report ranks Local Government Areas from 1 to 153 (includes 1 ranking for "unincorporated NSW"). A rank of 1 means the council is least advantaged relative to all the other councils in NSW. A ranking of 153 means it is least disadvantaged relative to all the other councils in NSW.

⁷ Average rates equal total rate income divided by the number of rate assessments.

⁸ DLG, *Snapshot of NSW Councils: Comparative Information on NSW Local Government Councils 2008/09*, page 11. The Australian Classification of Local Governments (ACLG) system classifies councils into 22 categories according to their socioeconomic characteristics and their capacity to deliver a range of services to the community. DLG has reduced this to 11 groups because some of the ACLG categories contained few or no councils in New South Wales. DLG Group 2 Councils are: Ashfield Council, Botany Bay Council, Burwood Council, Hunters Hill Council, Kogarah Council, Lane Cove Council, Leichhardt Council, Manly Council, Mosman Council, North Sydney Council, Pittwater Council, Strathfield Council, Waverley Council, Willoughby City Council, and Woollahra Council.

⁹ ABS, *National Regional Profiles*, all NSW councils, November 2010 and DLG unpublished comparative data, 2009/10.

¹⁰ North Sydney Council, *Section 508A Special Variation Application Form – Part B, Attachment 6, Long Term Financial Plan 2010/11-2019/20*, p 13 and North Sydney Council, *Section 508A Special Variation Application Form – Part B*, p 33.

Table 2.1 North Sydney Council's profile, 2009/10

Area (km ²)	11
Population	63,914
Average annual income, 2008 (\$)	82,082
Growth in average annual income, 2005 to 2008 (%)	4.1
Ratio of average residential rate (2009/10) to average annual income, 2008 (%)	0.6
SEIFA (NSW rank) ^a , 2006	150
DLG Grouping ^b	Group 2 – Urban Small/Medium Metropolitan
No of annual rate assessments	36,204
Average rate level – residential (\$)	455
Annual operating expenditure (\$m)	71.3
Staff (FTEs)	388
IPRF Grouping ^c	1

^a See footnote 6.

^b See footnote 8.

^c The Integrated Planning and Reporting Framework (IPRF) is currently being phased in over a 3-year period. The DLG has classified councils into one of 3 groups. Group 1 has joined the Framework, Group 2 will join in 2011 and Group 3 will join from 2012.

Source: ABS, National Regional Profiles, NSW councils, November 2010 and DLG, unpublished comparative data, 2009/10.

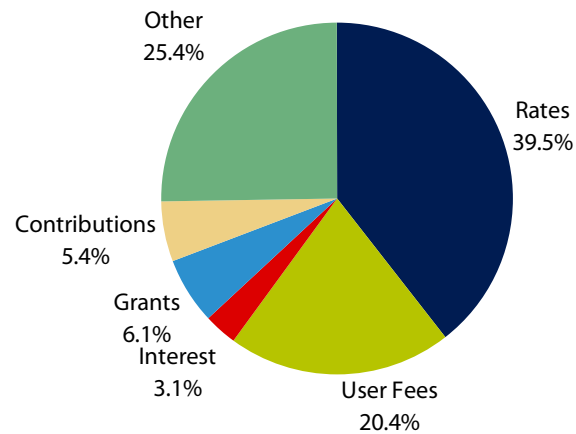
2.2 Sources of revenue

In 2009/10, rates and annual charges revenue accounted for 39.5% of total revenue for the council (Figure 2.1). This was the council's largest single source of revenue; however, it is well below the DLG Group 2 and NSW average percentages of total revenue coming from rates, which are 53.2% and 47.4% respectively.¹¹

The second highest source of revenue was other revenue at 25.4% and is mainly comprises rental income on investment properties and parking fines. The third highest source of revenue was user charges and fees at 20.4%. The council has access to a high level of non-rate revenue due to CBD metered parking and off-street parking. The council received lower than average revenue from contributions and grants at 11.5% combined.¹²

¹¹ DLG unpublished comparative data 2009/10.

¹² North Sydney Council, *Section 508A Special Variation Application Form – Part B*, p 40.

Figure 2.1 North Sydney Council's revenue sources, 2009/10

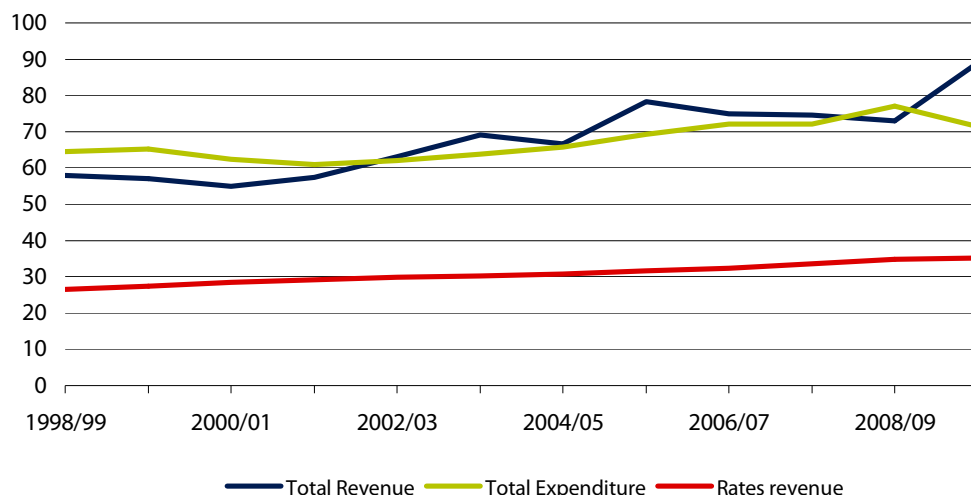
Note: Rates revenue includes revenue from ordinary rates, special rates and annual charges.

Data source: DLG, unpublished comparative data, 2009/10.

2.3 Expenditure and revenue trends

Both revenue and expenditure have grown over time. In the most recent year revenue has exceeded expenditure by a greater amount as a result of 2009/10 budget measures. Rates revenue as a percentage of total revenue has declined over the last 10 years (see Figure 2.2).

Figure 2.2 North Sydney Council's ordinary expenditure and revenue growth, \$ million, 2009/10 dollars



Note: Total revenue includes revenue from ordinary and special rates, annual charges, interest, grants, contributions and other revenue. It does not include sewerage and water charges. Total expenditure also excludes water and sewerage expenditure.

Data source: DLG unpublished comparative data, 2009/10. IPART has converted revenue and expenditure figures into real terms using the Sydney CPI as a deflator.

2.4 Previous special variations to general income

North Sydney Council has made 8 applications for a special variation since 2000/01, of which the Minister for Local Government granted 6. Three are still in place:

- ▼ the 2007/08 variation, approved for 5 years under section 508(2), for stormwater pipe upgrades, water recycling, repairs to seawalls and road upgrades
- ▼ the 2008/09 variation, approved for 5 years under section 508(2), for continuation of the Neutral Bay mainstreet program
- ▼ the 2010/11 variation of 10.54%, approved for 3 years under section 508(2), which was a continuation of, and increase to, an expiring variation covering environmental works and continuation of the Crows Nest mainstreet program.¹³

Table 2.2 following contains more detail.

¹³ DLG, unpublished comparative data, 2009/10.

Table 2.2 North Sydney Council's special variation history

Year of variation	Application (%)	Decision (%)	Rate peg (%)	Type	Term (years)	Reason
2000/01	6.62	6.53	2.7	508(2)	6	Crows Nest Mainstreet, environment levy
2001/02			2.8			
2002/03	4.35		3.3	508(2)		
2003/04	4.60	4.60	3.6	508(2)	5	Neutral Bay Mainstreet levy
2004/05			3.5			
2005/06	11.04	11.04	3.5	508(2)	5	Continuation of Crows Nest Mainstreet and the environment levies
2006/07			3.6			
2007/08	9.95	9.95	3.4	508(2)	5	Introduction of the infrastructure levy
2008/09	3.96	3.96	3.2	508(2)	5	Continuation of the Neutral Bay Mainstreet levy
2009/10	11.87		3.5	508(2)		
2010/11	10.54	10.54	2.6	508(2)	3	Continuation of and increase to existing environment levy and continuation of Crows Nest Mainstreet levy

Source: DLG, unpublished comparative data, 2009/10.

As shown in the table above, the 2007/08 special variation (of 9.95%) is due to expire in 2011/12. Both the 2008/09 (3.96%) and the 2010/11 (10.54%) special variations will expire in 2012/13. In the absence of approval to continue these, by 2013/14, rates revenue will fall.

3 North Sydney Council's 2011/12 application

North Sydney Council applied to IPART for a special variation to its general income in 2011/12 under section 508A of the Act. The sections below summarise the council's application, then explain how North Sydney Council proposes to allocate the rate increases implied in its application among ratepayers, and why it considers these increases are necessary.

3.1 Summary of North Sydney Council's application

North Sydney Council has applied to IPART for a special variation to increase its general income by:

- ▼ 5.5% in 2011/12
- ▼ 12.93% in 2012/13
- ▼ 15.43% in 2013/14
- ▼ 5.5% in 2014/15
- ▼ 5.5% in 2015/16
- ▼ 5.5% in 2016/17
- ▼ 5.5% in 2017/18.¹⁴

These amounts represent the full value of the special variation and include:

- ▼ Two existing section 508(2) special variations — an infrastructure levy and an environment levy, which are due to expire on 30 June 2012 and 30 June 2013 respectively. North Sydney Council is seeking to have the dollar value of these levies incorporated into their general income on a continuing basis when they expire.¹⁵
- ▼ A special variation capital program.¹⁶
- ▼ The rate peg increases that would otherwise be available to the council.¹⁷

¹⁴ North Sydney Council, *Section 508A Special Variation Application Form – Part A, Worksheet 1*.

¹⁵ North Sydney Council, *Section 508A Special Variation Application Form – Part B, p 12*.

¹⁶ North Sydney Council, *Section 508A Special Variation Application Form – Part B, p 13*.

¹⁷ The rate peg that has been set by IPART for 2011/12 is 2.8%. The rate peg for 2012/13 will be determined by IPART in December 2011, but is assumed to be 3.0% by both IPART and the council. If the future rate peg is lower or higher then it has no impact on the future variation.

The increases sought by the council, including the rate peg, are presented in Table 3.1.

Table 3.1 Special variation requested by North Sydney Council, including rate peg amount

	Year	Annual increase in general income	Cumulative increase in general income	Annual increase in general income	Cumulative increase in general income	Decrease from expiry of prior special variation	Permissible general income
		(%)	(%)	(\$)	(\$)	(\$)	(\$) ^a
Y1	2011/12	5.50	5.50	1,619,803	1,619,803		31,007,327
Y2	2012/13	12.93	19.14	3,745,470	5,365,273	-2,040,041	32,712,756
Y3	2013/14	15.43	37.52	4,613,205	9,978,479	-2,815,119	34,510,843
Y4	2014/15	5.50	45.09	1,898,096	11,876,575		36,408,939
Y5	2015/16	5.50	53.07	2,002,492	13,879,067		38,411,434
Y6	2016/17	5.50	61.49	2,112,629	15,991,695		40,524,059
Y7	2017/18	5.50	70.37	2,228,823	18,220,519		42,752,883

^a Permissible general income refers to the maximum general income that the council can generate in the year. It equals the previous year's notional general income level (2010/11) plus the annual dollar increase permitted by the special variation percentage.

Source: North Sydney Council, *Section 508A Special Variation Application Form - Part A, Worksheet 1*.

3.2 How does North Sydney Council propose to allocate the rate increases among ratepayers?

The majority of North Sydney Council's ratepayers are residential property owners and represent 90% of the council's rateable properties.¹⁸ The requested special variation means that in 2017/18 residents will be paying on average \$777.11, which is \$308.66 more than they are paying in 2010/11.¹⁹ If rates were to increase according to projected rate peg increases only then rates would be around \$106.56 higher in 2017/18.²⁰

Currently 82.36% (or 27,118) of residential ratepayers and 41.13% (or 1,539) of business ratepayers are paying the minimum rate.²¹ The council has not applied to increase the minimum rate above the statutory limit.

The council proposes to distribute the rate increases evenly between business and resident ratepayer categories.²²

¹⁸ IPART calculations.

¹⁹ North Sydney Council, *Section 508A Special Variation Application Form - Part A, Worksheet 5*.

²⁰ The rate peg is 2.8% for 2011/12 and the assumed rate peg is 3% for 2012/13 onwards.

²¹ North Sydney Council, *Section 508A Special Variation Application Form - Part B, p 33*.

²² North Sydney Council, *Section 508A Special Variation Application Form - Part A, Worksheet 5*. The difference between categories in cumulative increase is 0.82% in year 7.

3.3 Why does North Sydney Council consider the requested increases are necessary?

North Sydney Council sought the increase for a proposed program of expenditure. Items of expenditure are grouped by the strategic directions identified in the council's community strategic plan. This program maintains the council's current service and asset maintenance levels. It also includes a program of borrowing to fund the following projects:²³

- ▼ upgrade of the car park in Alexander Street, Crows Nest in 2011/12 – \$5m
- ▼ upgrade of parking meters throughout the municipality in 2011/12 – \$4m
- ▼ major renewal works at North Sydney Olympic Pool, Stage 1 in 2018/19 – \$2.74m
- ▼ major renewal works at North Sydney Olympic Pool, Stage 2 in 2019/20 – \$2.89m.

²³ North Sydney Council, *Section 508A Special Variation Application Form – Part B*, pp. 38-39.

4 IPART's assessment of the council's application

IPART has assessed and made a determination on North Sydney Council's application. We decided to partially approve the special variation as requested by the council. We are allowing a special variation to its general income for the period 2011/12 to 2017/18 of 5.5% each year, including the rate peg. The council's general income will increase by an average of 2.5% a year above the rate peg amount over the next 7 years.

We assessed North Sydney Council's application for a special variation as a whole, as well as against the 6 assessment criteria included in the Guidelines. These criteria are:

- ▼ demonstrated need for the rate increases derived from the council's Integrated Planning and Reporting Framework (IPRF)
- ▼ demonstrated community support for the special variation
- ▼ reasonable impact on ratepayers
- ▼ sustainable financing strategy consistent with the principles of intergenerational equity
- ▼ an explanation of the productivity improvements the council has realised in past years, and plans to realise over the special variation period
- ▼ implementation of the IPRF.

We note that the council's application adequately met 5 of the 6 criteria in the Guidelines for section 508A applications. The sections below summarise our overall findings against these criteria, then explain our assessment and findings on each criteria.

4.1 Summary of findings against the 6 criteria

IPART considers that the requested special variation aligns with council's strategic and operational planning. The council has generally consulted extensively with the community but could have explained the nature of the special variation more clearly. Overall, we consider that the rate increases will have a reasonable impact on ratepayers and are consistent with intergenerational equity. The council's rolling 10-year program to help fund capital works is appropriate, and includes a borrowing program that addresses intergenerational equity. IPART is satisfied that the council

has achieved productivity savings in the past and will do so in the future. Regarding progress with the IPRF, the Division of Local Government advises that North Sydney Council has successfully implemented the framework.

4.2 Criterion 1 – Demonstrated need for the rate increases

Councils seeking special variations must demonstrate that their requested increase in general income is necessary. This includes supporting their application with relevant strategic and financial planning information, and providing evidence that the income raised by the special variation will be used to fund an efficient and feasible program of expenditure, and (if possible) that the special variation will improve their financial sustainability.

The application from North Sydney Council demonstrated that the decision to apply for the special variation aligns with the council's strategic and operational planning. The decision also reflects community priorities and needs identified as part of the planning process.

The requested special rate variation and the program of works have been developed to fulfil the goals and objectives of the council's community strategic plan, known as the *2020 Vision*. There is a clear link identified between every project and activity and a specific goal in the plan. All projects and activities are identified in the council's delivery program and operational plan, and the proposed expenditure for future works has been incorporated into the council's Long-Term Financial Plan (LTFP).

Similarly, the infrastructure levy and environment levy programs, which will be funded from ordinary rates when the levies expire, are reflected in the community strategic plan, delivery program, operational plan and resourcing strategy (for details of expenditure programs for the infrastructure levy and environment levy, see Appendices B and C).

4.2.1 The purpose of the special variation is consistent with community objectives

North Sydney Council submitted that the special variation was needed to fund a program of works and activities identified through the community engagement strategy known as *Investing in Our Future*. The program covers asset renewal and maintenance, streetscape improvements, community services and activities, and project management.

The program for the special rate variation consists of 3 components:

- ▼ the program of works for the continuation of the expiring infrastructure levy (from 2012/13) as part of ordinary rates
- ▼ the program of works for the continuation of the expiring environment levy (from 2013/14) as part of ordinary rates²⁴
- ▼ a program of works that has been developed from the community strategic plan and is included in the council's 2010/11 delivery program.²⁵

The special rate variation application addresses the identified need to fund specific projects and activities expected by the community.

Despite North Sydney Council having no long-term debt (currently only an overdraft of \$89,000),²⁶ community consultation revealed that borrowing as a means of funding programs and services was the least preferred funding option.

4.2.2 Reasonable program of expenditure

North Sydney Council's application includes a proposed program of expenditure which is grouped by the strategic directions identified in the council's community strategic plan and reconciles to a program of works (see Appendix A).

The expenditure items included in the plan's program of works account for 4.29% of the council's estimated total expenditure from 2011/12 to 2017/18.²⁷

Throughout the remaining life of the LTFP, the council intends to borrow \$9m in 2011/12, \$2.74m in 2018/19 and \$2.89m in 2019/20 to fund certain major capital projects. The following projects and the loans required to fund them have been incorporated into the LTFP (see Box 4.1):

- ▼ upgrade of the car park in Alexander Street, Crows Nest in 2011/12
- ▼ upgrade of parking meters throughout the municipality in 2011/12
- ▼ major renewal works at North Sydney Olympic Pool, Stage 1 in 2018/19
- ▼ major renewal works at North Sydney Olympic Pool, Stage 2 in 2019/20.²⁸

For all 4 projects, the council assumes that the loan funds will be drawn down at the end of the year in which the project is scheduled to be undertaken. Hence, the repayments have been scheduled to commence in the year after the project is undertaken.²⁹

²⁴ North Sydney Council, *Section 508A Special Variation Application Form, Part B*, p 7.

²⁵ North Sydney Council, *Section 508A Special Variation Application Form, Part B*, p 10.

²⁶ North Sydney Council, *General Purpose Financial Report Balance Sheet 30 June 2010*, p 46.

²⁷ IPART calculations.

²⁸ North Sydney Council, *Section 508A Special Variation Application Form - Part B*, pp 38 - 39.

²⁹ North Sydney Council, *Section 508A Special Variation Application Form - Part B*, p 13.

In the case of the upgrade of the Alexander Street car park and the upgrade of the parking meters, the council assumes that the debt servicing costs will be funded from additional revenue generated from the projects. As the renewal works at North Sydney Olympic Pool are not expected to generate any additional revenue, the debt servicing will be funded from the additional revenue received from the special variation, should it be approved, in years 9 and 10 of the LTFP.³⁰

We have not carried out a full evaluation of North Sydney Council's proposed program of works but note that the council indicates their cost estimates were derived from:

- ▼ previous works costs
- ▼ benchmarking information
- ▼ analysis of cost structures and the use of relevant inflationary indices.³¹

The council has not submitted a capital expenditure review for the North Sydney Olympic Pool project commencing in 2018/19. Advice from the DLG indicates it is not required at this time since the project commencement date is outside the special variation request period.³² Overall, we were satisfied with council's estimates of other costs over the period of the plan.

4.2.3 Financial projections and sustainability

The additional income from the special variation will be retained in the revenue base after the 2017/18 year. This means that the council will have an additional \$18.2m per annum, indexed by the annual rate peg percentage from 2017/18 onwards.³³

The extra revenue from the special variation will mean that North Sydney Council's operating result from continuing operations will be improved. In the LTFP base case scenario without the special variation, the council is projected to have a deficit of \$11.7m in 2019/20.³⁴ In the LTFP base case scenario with the special variation this deficit is projected to reduce to \$3.0m in 2019/20.

The special variation will also improve the council's unrestricted current ratio (see Figure 4.1).³⁵ In the LTFP base case scenario without the special variation the unrestricted current ratio is projected to be 0.39 in 2019/20.³⁶ This is below the DLG recommended minimum of 1.5. In the LTFP base case scenario with the special

³⁰ North Sydney Council, *Section 508A Special Variation Application Form - Part B*, p 13.

³¹ North Sydney Council, *Section 508A Special Variation Application Form - Part B*, pp 17 - 18.

³² Correspondence received from DLG 15 April 2011.

³³ North Sydney Council, *508A Special Variation Application - Part A*, Worksheet 1.

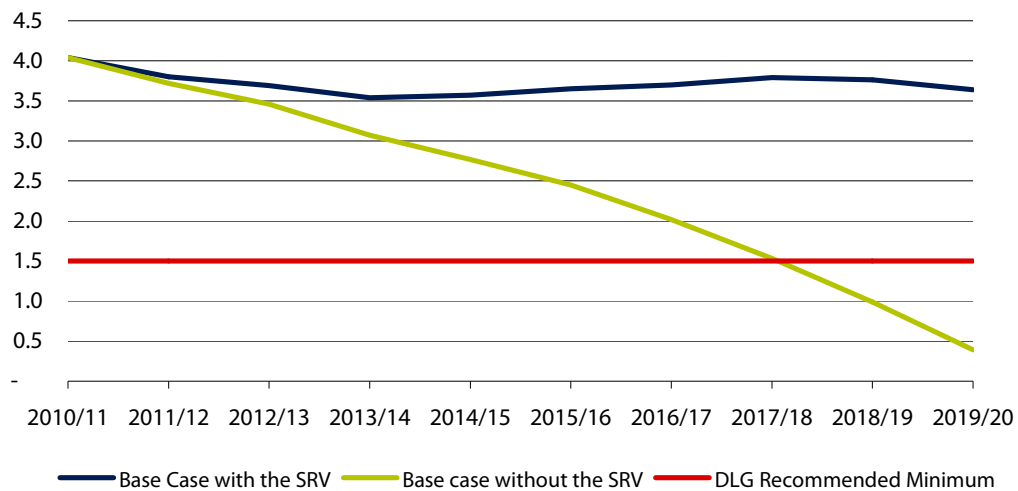
³⁴ North Sydney Council, *Section 508A Special Variation Application Form - Part B*, Attachment 6: *Long Term Financial Plan 2010/11-2019/20*, p 65.

³⁵ North Sydney Council, *Section 508A Special Variation Application Form - Part B*, Attachment 6: *Long Term Financial Plan 2010/11-2019/20*, p 72.

³⁶ North Sydney Council, *Section 508A Special Variation Application Form - Part B*, Attachment 7: *Sustainability Indicators*.

variation, this ratio is improved to 3.64 in 2019/20. This indicates that, without the special rate variation, the council will not receive enough income to maintain its capital and operating expenditure without diminishing its cash reserves and reducing its sustainability.

Figure 4.1 North Sydney Council's 10-year projected unrestricted current ratio



Note: Base case with the SRV scenario assumes the special variation is approved and the proposed program of expenditure proceeds. Base case without the SRV assumes the special variation is not approved and the proposed program of expenditure proceeds.

Source: North Sydney Council, *Section 508A Special Variation Application Form - Part B, Attachment 7: Sustainability Indicators*.

4.2.4 Alternative sources of income

The council has considered the following sources of funding in its modelling:

- ▼ new borrowings
- ▼ new user fees, charges, grants and other income
- ▼ changing expenditure priorities.

North Sydney Council currently has no long-term borrowing. The principle of intergenerational equity suggests that it is desirable for long-lived capital projects to be funded in part by borrowing. This applies particularly where the population is projected to grow over time. North Sydney Council is expected to experience population growth due to further residential development. The council is proposing the borrowing program shown in Box 4.1.³⁷

³⁷ North Sydney Council, *Section 508A Special Variation Application Form - Part B*, pp 38-39.

Box 4.1 North Sydney Council proposed LTFP borrowing program

- ▼ Loan of \$5m for the Alexander Street car park taken in 2011/12 for 20 years.
 - ▼ Loan of \$4m for on-street parking meter replacement taken in 2011/12 for 10 years.
 - ▼ Loan of \$2.74m for major renewal of North Sydney Olympic Pool, Stage 1 taken in 2018/19 for 10 years.
 - ▼ Loan of \$2.89m for major renewal of North Sydney Olympic Pool, Stage 2 taken in 2019/20 for 10 years.
-

The North Sydney Council's debt service ratio will remain between 1.35% and 1.45%.³⁸ The council has indicated it will be following the borrowing program whether or not the special variation is approved.

North Sydney Council has other revenue sources apart from rates, including:

- ▼ commercial property (professionally managed)
- ▼ car parking stations and parking meters
- ▼ parking fines
- ▼ user charges for council facilities
- ▼ advertising revenue from council property
- ▼ investment revenue
- ▼ grant funding from the NSW and Australian governments.³⁹

The council has indicated that the scope for increasing revenue from these sources is limited.⁴⁰ We have reviewed the council's commentary and are satisfied with their assessment of revenue trends.

4.2.4 Impact on council's financial sustainability

Financial sustainability involves 2 elements; recurrent and capital sustainability.

Recurrent sustainability means that councils are able to fund their recurrent expenditures from recurrent revenues, and so avoid using capital revenues for this purpose or running recurring operating deficits. Recurrent revenues do not necessarily have to align with recurrent expenditures in any one year, but should do so over the medium term.

³⁸ North Sydney Council, *Section 508A Special Variation Application Form - Part B*, p 39.

³⁹ North Sydney Council, *Section 508A Special Variation Application Form - Part B*, p 40.

⁴⁰ North Sydney Council, *Section 508A Special Variation Application Form - Part B*, Attachment 6: *Long-Term Financial Plan 2010/11 – 2019/20*, p 15.

Capital sustainability means that councils are able to fund infrastructure (both new and renewals) and asset maintenance to a level sufficient to ensure they can provide affordable services of a reasonable standard over a 10-year period

We have broadly assessed the impact of the special rates variation on the council's financial position during the LTFP period. We have not conducted a detailed review of their LTFP. The debt service ratio will increase but remain within the DLG's benchmark guideline of between 0% and 20%. The special variation will have a positive effect on the council's:

- ▼ recurring financial sustainability, as indicated by the operating balance ratio
- ▼ capital sustainability, as per the broad liabilities ratio.

These ratios are shown in Table 4.1.

Table 4.1 Sustainability indicators with special variation

	DLG Guidelines	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Debt service ratio (%)	0-20	0.00	0.00	1.35	1.30	1.26	1.21	1.16	1.12	1.09	1.45
Operating balance ratio (%)	> - 10	-4.14	-5.13	-4.04	-4.80	-4.20	-3.69	-3.94	-3.54	-4.57	-6.49
Broad liabilities ratio (%)	0-60	18.01	29.43	27.47	26.01	24.56	23.11	21.70	20.36	22.00	23.37

Source: North Sydney Council, *Section 508A Special Variation Application Form – Part B, Attachment 7: Sustainability Indicators*.

4.3 Criterion 2 – Demonstrated community support

Councils seeking special variations must demonstrate that they have undertaken extensive community consultation and obtained community support for the special variation and the associated program of expenditure. The consultation material should be clear and accurate and explain what the special variation will be used for and the impact on ratepayers.

IPART considers that North Sydney Council has generally consulted extensively to inform its community regarding its plans; however, we consider the council could have explained the nature of the special variation more fully.

In particular, we would have preferred the council to have explained more clearly that the requested special variation increases to rates include the continuation of the infrastructure and environment levies, which are expiring on 30 June 2012 and 30 June 2013 respectively. The LTFP articulates the incorporation of these levies into ordinary rates to be held as internally restricted assets upon their expiration.⁴¹ However, the materials used in community consultation do not refer directly to the expiring levies as a component of the requested rate increase.

The council has consulted with the community on the basis of a 6% per annum rate increase over 7 years. This was in accordance with Scenario 3 of the Draft LTFP adopted by the council on 10 May 2010. The amended LTFP endorsed by the council at its meeting of 14 March 2011 maintained the same scenarios and planning assumptions as per the previous version. However, Scenario 2 was remodelled (from 5% to 5.5%) in February/March based on community feedback gathered during the 4-month consultation period. The council considered the community's feedback and resolved to apply for a special variation in line with Scenario 2 of the amended LTFP, which was placed on public exhibition from 21 March to 12 May 2011.⁴²

The letter, survey to all ratepayers, fact sheets and media releases have all articulated the special rate variation sought as 3% above the expected rate peg of 3%. They did not refer to continuing the levies, which involve an overall rate increase of 12.93% in 2012/13 and 15.43% in 2013/14. These increases, and the 5.5% per annum increases sought for the remaining 5 years, take the average per annum rate increase over the 7 years to 8%.⁴³

⁴¹ North Sydney Council, *Section 508A Special Variation Application Form - Part B*, Attachment 6: *Long-Term Financial Plan 2010/11 – 2019/20*, pp 45-46.

⁴² Response from North Sydney Council received 15 April 2011.

⁴³ North Sydney Council, *Section 508A Special Variation Application Form – Part B*, Attachment 9: North Sydney Council, *Investing in our Future* and IPART calculations.

4.3.1 Planning for community engagement

North Sydney Council demonstrated that it had planned the community engagement and consultation process by:

- ▼ Preparation of a community engagement strategy, *Investing in our Future*, implemented in 3 phases. Phases 1 and 2 occurred from October 2010 to March 2011. Phase 3 will continue into mid 2011 and include the online budget allocator, community ward forums, and the public exhibition of the Draft 2011/12 Operational Plan scheduled for April/May 2011.
- ▼ Phases 1 and 2 which have been aimed at all ratepayers, and includes a letter, a ratepayer survey, fact sheets, and public meetings.⁴⁴

4.3.2 Evidence of effective community engagement

A summary of the consultation undertaken by North Sydney Council is presented in Table 4.2.

Table 4.2 North Sydney Council consultation on the special variation

Form of consultation/ engagement	Participation
Information to ratepayers, including letter, fact sheets and media releases (number distributed)	32,813
Ratepayer survey (number completed)	3,613
Customer satisfaction survey	600
Public meeting 1 – 1 February	25
Public meeting 2 – 26 February	32
Online budget allocator	69
Ward forums	103
Written submissions	21

Source: North Sydney Council, *Section 508A Special Variation Application Form – Part B*, Attachment 9: North Sydney Council – *Investing in Our Future*, p 8.

4.3.3 Outcomes from community consultation

IPART considers that North Sydney Council has demonstrated that there is community support for a variation. However, it is not clear from the consultation that there is support for the level of variation requested, particularly the inclusion of the expiring infrastructure and environment levies as discussed previously. This could have been addressed by explaining the expiring levies, their purpose and their continuation.

Of 32,813 surveys distributed, 3,613 (11%) were completed and returned. This is a sample sufficiently large to provide estimates that are statistically significant.

⁴⁴ North Sydney Council, *Section 508A Special Variation Application Form – Part B*, pp 26-29.

The survey asked respondents to prioritise given programs and services, as well as council payment options. The results showed:

- ▼ There was moderate to high support for all proposed programs and services.
- ▼ The proposed 6% special variation rate increase over 7 years was the first preference of 27% of participants. A smaller special variation over 7 years was the first preference of 20% of participants.
- ▼ The use of debt to fund the replacement of existing and the purchase of new infrastructure was the lowest preference for 53% of respondents.⁴⁵

The special variation was also covered in the customer satisfaction survey. The details and results are shown in Box 4.2.

Box 4.2 Customer satisfaction survey

North Sydney Council undertakes an independent, community-wide survey every 2 years. It measures satisfaction with the council's services and obtains information on the importance of those services to the community to assist within the prioritisation of funding for council activities.

Between 6 and 20 November 2010, a customer satisfaction survey was conducted by Woolcott Research Pty Ltd regarding satisfaction with 13 key service areas. It also asked respondents to rank proposed funding options.

The survey was qualitative in nature, involving telephone interviews of both businesses and residential ratepayers. The sample size was 600; 400 residential ratepayers and 200 business ratepayers, all drawn randomly from the White Pages.

Four funding options were presented:

1. increase rates by an average of 3% per annum for 7 years in addition to the rate peg
2. introduce a new levy to fund specific projects and services
3. progressively reduce funding to current services and programs and operate within current resources
4. borrow money and go into debt.

The responses were as follows:

- ▼ 41% of residents (324 completed this question) indicated their first preference was for funding option 1 above
- ▼ 39% of businesses (51 completed this question) indicated their first preference was for funding option 2, while 25% favoured option 1 and a further 25% option 3.

Source: North Sydney Council, *Section 508A Special Variation Application Form – Part B*, Attachment 9: North Sydney Council, *Investing in our Future*, pp 25-31.

⁴⁵ North Sydney Council, *Section 508A Special Variation Application Form – Part B*, Attachment 9: North Sydney Council, *Investing in our Future*, pp 19-20.

Of 22 written submissions received by the council, 4 (18%) were in support of a special variation, while 11 (50%) indicated no preference.⁴⁶ It is difficult to draw conclusions from such a small sample which is subject to self-selection bias.

The Mayor and General Manager hosted 2 public meetings in February 2011. Attendance was relatively low. Of the 57 total attendees, 48 participated in feedback sessions at the meetings, with 54% in support of the requested special variation, 42% not in support and 4% undecided.⁴⁷

4.4 Criterion 3 – Reasonable impact on ratepayers

This criterion is important, given that the primary purpose of regulating council revenues is to protect ratepayers from unreasonable increases in rates. To assess whether a council's application meets the criterion, we considered the magnitude of the impact of rate rises resulting from the requested special variation, the ratepayers' capacity to pay the increased rates, and evidence of community support for the requested special variation (as discussed in section 4.3).

Overall, we consider the rate increases will have a reasonable impact on ratepayers given that:

- ▼ Ratepayers are already paying the existing infrastructure and environment levies and the subsequent rate increases are a moderate 2.5% above the assumed rate peg of 3%.
- ▼ The average income and socio-economic indicators indicate that on average North Sydney residents have the capacity to pay increased rates. Ratepayers currently pay relatively low rates.
- ▼ The council has a hardship policy in place to accommodate pensioners and those in financial hardship.

⁴⁶ North Sydney Council, *Section 508A Special Variation Application Form – Part B*, p 31.

⁴⁷ North Sydney Council, *Section 508A Special Variation Application Form – Part B*, Attachment 9: North Sydney Council, *Investing in our Future*, p 32.

4.4.1 Rating structure

North Sydney Council's rating structure is shown in Table 4.3.

Table 4.3 North Sydney Council's rating structure

Rate	Ratepayer type
Residential	Residents
Business	Business
Mixed development	Business and residential mixed developments
Crows Nest Mainstreet special rate	Business
Neutral Bay Mainstreet special rate	Business
Environment levy	All ratepayers
Infrastructure levy	All ratepayers

Source: North Sydney Council, *Section 508A Special Variation Application Form – Part A, Worksheet 2*.

The majority of North Sydney Council's ratepayers are residential property owners and represent 90% of the council's rateable properties.⁴⁸ The requested special variation will mean that in 2017/18 residents will be paying on average \$777.11, which is \$308.66 more than they are currently paying in 2010/11 (see Table 4.4), but less than the 2009/10 DLG Group 2 average of \$886.⁴⁹ If rates were to increase according to rate peg increases only, then rates would be around \$106.56 higher in 2017/18.⁵⁰

Business rates will also increase with the special variation. The average business rate in North Sydney will increase by \$1,771 to \$4,427 in 2017/18, which is greater than the 2009/10 DLG Group 2 average of \$3,728.

Currently, 82.36% (or 27,118) of residential ratepayers and 41.13% (or 1,539) of business ratepayers pay the minimum rate.⁵¹ The council has not applied to increase the minimum rate above the statutory limit.

The council proposes to distribute the rate increases evenly between business and residential ratepayers.⁵²

⁴⁸ IPART calculations from North Sydney Council, *Section 508A Special Variation Application Form – Part A, Worksheet 2*.

⁴⁹ North Sydney Council, *Section 508A Special Variation Application Form – Part A, Worksheet 5*.

⁵⁰ The rate peg at 2.8% for 2011/12 and assumed to be 3% for 2012/13 onwards.

⁵¹ North Sydney Council, *Section 508A Special Variation Application Form – Part B, p 33*.

⁵² North Sydney Council, *Section 508A Special Variation Application Form – Part A, Worksheet 5*. Difference between categories in cumulative increase is 0.82% in year 7.

Table 4.4 Impact on average rate levels from the requested special variation

	No. of assessments	2010/11 ^a	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Residential rates (\$)	32,926	468	498	559	626	660	697	736	777
\$ Increase			29	62	67	35	37	39	41
% Increase			6.2	12.4	11.9	5.5	5.6	5.6	5.6
Business rates (\$)	3,742	2,656	2,821	3,185	3,564	3,762	3,972	4,194	4,427
\$ Increase			165	364	379	199	210	221	234
% Increase			6.2	12.9	11.9	5.6	5.6	5.6	5.6
Crows Nest mainstreet special rate (\$)	824	368	362	362	362	362	362	362	362
\$ Increase			-6						
% Increase			-1.6						
Neutral Bay mainstreet special rate (\$)	463	437	432	432	432	432	432	432	432
\$ Increase			-5						
% Increase			-1.2						
Environment levy (\$)	36,707	50	49	49					
\$ Increase			-0.27		-49				
% Increase			-0.5		-100				
Infrastructure levy (\$)	36,707	45	44						
\$ Increase			-0.24	-44					
% Increase			-0.5	-100.0					

^a 2010/11 does not apply to the variation but is included for comparative purposes.

Source: North Sydney Council *Section 508A Special Variation Application Form – Part A*, Worksheet 5.

4.4.2 Most residents appear to have the capacity to pay

Among the DLG Group 2 councils North Sydney Council has:

- ▼ the lowest average residential rates
- ▼ the highest proportion of income earners in the highest average income percentile
- ▼ less than 1% of rates outstanding.⁵³

The SEIFA index is a LGA index of relative socio-economic advantage and disadvantage for NSW. The rankings are from 1 to 153 where 153 represents the least disadvantaged council area relative to all the other council areas in NSW.⁵⁴ North Sydney Council's SEIFA ranking is 150, which indicates that it is one of the least disadvantaged councils in NSW.

The latest ABS data on average income levels shows that North Sydney Council's average income was around \$82,000 in 2008, which is higher than the other DLG Group 2 councils, and more than double the NSW average income of around \$40,000. North Sydney's average residential rates constitute a significantly smaller proportion of average annual income when compared with the Group 2 and state averages.

Table 4.5 North Sydney Council income and socio-economic indicators

	North Sydney Council	DLG Group 2 averages	NSW average
Average annual income, 2008 (\$)	82,082	71,419	40,193
Growth in average annual income, 2005-2008 (%)	4.1	4.4	4.0
Ratio of average residential rate (2009/10) to average annual income, 2008 (%)	0.6	1.4	1.6
SEIFA (NSW Rank)	150 (4 th highest)		

Source: ABS, National Regional Profiles, NSW councils, November 2010 and DLG, unpublished comparative data, 2009/10.

⁵³ ABS, National Regional Profiles, NSW councils, November 2010 and DLG, unpublished comparative data, 2009/10.

⁵⁴ There are 152 local council areas in NSW plus 1 "unincorporated NSW" included in the rankings.

4.4.3 The council has hardship policies to assist those with less capacity to pay

We have examined North Sydney Council's hardship policy.⁵⁵

Councils are required to offer a rebate to pensioners of half of all council rates and charges to a maximum of \$250. North Sydney Council also provides the opportunity for individuals to enter into a mutually agreed payment option, and may also write off interest charges.

4.5 Criterion 4 – Sustainable financing strategy consistent with intergenerational equity policies

Councils seeking special variations must demonstrate that they have considered the use of all available financing options to address their capital expenditure requirements. Their financing strategy must be both sustainable and ensure intergenerational equity. The concept of intergenerational equity means that the costs of long lived assets (like infrastructure) are shared between current and future users, based on their share of the use of these assets over their life. For example, this may be achieved by council borrowings, which spread the financing costs of infrastructure over a long period, rather meeting these costs through large rate increases in the short to medium term.

North Sydney Council will be using a rolling 10-year borrowing program to help fund capital works (over the next 10 years). We consider this appropriate as it is consistent with intergenerational equity.

With the current borrowing program the unrestricted current ratio will remain well above the DLG's recommended minimum of 1.5%. The debt service ratio will steadily increase over the LTFP period and will peak in 2019/20 at 1.45%. This is well below the DLG's guideline debt service ratio of 20%.⁵⁶ We consider that the council has scope to service greater levels of debt.

North Sydney Council stated that it has considered other methods of financing as part of its Long-Term Financial Plan. As mentioned in section 4.2, the council will be using some debt, increasing user fees and charges, increasing the amount of grant funding they can obtain, and re-prioritising expenditure. This is part of its general financing strategy.

The council's selected borrowing program addresses intergenerational equity and is financially sustainable.

⁵⁵ North Sydney Council, *Section 508A Special Variation Application Form – Part B*, Attachment 10: Hardship Policy under section 601.

⁵⁶ North Sydney Council, *Section 508A Special Variation Application Form – Part B*, Attachment 7: Sustainability Indicators.

4.6 Criterion 5 – Productivity improvements

Councils seeking special variations must demonstrate that they have implemented a program of productivity or efficiency improvements to ease expenditure pressures before considering an increase in rates. In particular, they need to provide details of the productivity improvements they have realised over the past 2 or more years, and the efficiencies and productivity improvements they propose to realise over the period of the special variation.

North Sydney Council stated that it has a performance review and improvement strategy in place whereby reviews of various areas of the organisation are undertaken on a regular, planned, and ad hoc basis.

As a result of the strategy, permanent productivity improvements have been made. These improvements have made resources available for reallocation to other priorities, produced efficiency gains, and reduced expenditure. The council's services have been subject to external tendering where appropriate.

Customer satisfaction surveys are undertaken every 2 years and feedback from the community has informed reviews of service delivery standards and levels.

Overall, we are satisfied that the council has achieved productivity savings in the past and are endeavouring to do so in the future. We encourage the council to continue exploring opportunities for further productivity improvements.

4.6.1 Savings initiatives or productivity improvements achieved

North Sydney Council has submitted savings initiatives or productivity improvements achieved from 2000/01 to 2009/10. Many of these are not quantified. Table 4.6 lists the improvements over the past 3 years where the savings are quantified and per annum. These total approximately \$1.6m per annum. This represents around 2.2% of the council's total ordinary expenses of \$71.4m in 2009/10.

Table 4.6 North Sydney Council productivity improvements

Improvement	Estimated savings (\$)
Reduction of council subsidy to Crows Nest Centre	66,000
Reduction of youth worker positions	50,000
Combined program with other northern Sydney councils for Aboriginal social planning – attracted state grant	15,000
Reduction of management costs for library	16,000
Adjustment of library staff hours	50,000
Reduction of Shorelink staff	7,000
Streamlining of staff positions and reduction of editions of <i>Community News</i>	72,000
Introduction of new methods of production for external and internal communications	60,000
Streamlining of administration positions	60,000
Streamlining of corporate planning positions	90,000
Streamlining of customer service positions	150,000
Streamlining of HR positions	30,000
Ranger and parking services review and restructure	50,000
Reduction in Project Management position	120,000
Streamlining of road patching	60,000
Streamlining of road waste disposal	25,000
Engineering works streamlining	120,000
Review of parking meter data retrieval	30,000
Street cleaning service efficiencies	98,000
Bushland Management staffing efficiencies	30,500
Parks and gardens efficiencies – reduction in administration	84,000
Community event management staffing efficiencies	60,583
Parks and gardens staffing efficiencies	57,400
Planning and Development staffing reductions	185,000
Total savings per annum	1,586,483

Source: North Sydney Council, *Section 508A Special Variation Application Form – Part B*, Attachment 13.

4.6.2 Future productivity improvements

North Sydney Council intends to continue service reviews as part of its performance review and improvement strategy. Table 4.7 details the productivity improvements which have been quantified.

Table 4.7 North Sydney Council future productivity improvements, 2011 onwards

	Estimated savings (\$)
Audit of the provision of external and internal legal services	50,000
Reduction in library management resources	43,000
Corporate services – integration of 2 departments under 1 manager	43,000
Corporate services – savings in after-hours call costs	7,200
Corporate services – savings in call centre message service	20,000
Efficiencies in parking surveys and better compliance in regard to paid parking	35,000
Review of fence renewal delivery program undertaken by contactors	100,000
Insurance Claims Management Service – outsourcing	80,000
Provision of property certificates – moving to online service	60,000
Firewall management – outsourcing management	15,000
Review of the existing recreational planning program	50,000
Total savings	503,200

Source: North Sydney Council, *Section 508A Special Variation Application Form – Part B*, Attachment 14.

4.6.3 Performance against indicators of productivity

The comparative data in Table 4.8 below shows that North Sydney Council has a slightly higher number of staff for their population relative to the average of other DLG Group 2 councils. Employee costs are around average for the Group, and consultancy costs are below average for the Group and NSW.

Table 4.8 Productivity indicators 2009/10

	North Sydney Council	DLG Group 2 averages	NSW average
FTE Staff	388	295	293
Ratio of population to FTE staff ^a	165	174	126
Average FTE cost (\$)	79,580	75,558	68,973
Employee costs as % ordinary expenditure	43.3	44.0	38.6
Consultancy/contractor expenses (\$)	4,076,000	6,662,067	5,948,248
Consultancy/contractor expenses % ordinary expenditure	5.7	13.4	8.6

^a This ratio indicates the number of residents in the population per council FTE. A higher ratio indicates that there are fewer council staff for each person in the community whereas a lower ratio indicates that there are more council staff for each person in the community.

Source: DLG, unpublished comparative data, 2009/10.

4.7 Criterion 6 – Implementation of Integrated Planning and Reporting Framework

To apply for a special variation under section 508A of the Act, councils must have implemented the IPRF, including developing a 10-year community strategic plan, a 4-year delivery program, and annual operational plan and a detailed resourcing strategy.

The DLG advised IPART that the council's implementation of the IPRF was more than satisfactory, with all plans/documentation reviewed by the DLG. Details of the DLG's advice are shown in Box 4.3.

North Sydney is a Group 1 Council for IPRF purposes and so first commenced implementing the framework in 2009/10.

Box 4.3 DLG assessment of North Sydney Council's implementation of the IPRF

- ▼ The DLG reviewed North Sydney Council's strategic planning documents and found that they were prepared in a logical manner and, therefore, are easy to navigate. It also found that the council's community strategic planning process is built on sound community engagement. The DLG commented that :
 - The community engagement strategy includes information about stakeholder groups and the methods used to engage each group. The council used various methods to get input from a cross-section of the community.
 - The resourcing strategy was compliant with the IPRF. The plans were detailed and easy to read.
 - The Long-Term Financial Plan is an informative, easy to read document. Assumptions made are brief and cover only some income items. However there is no mention of how expense estimates were calculated.
 - The asset management plans are comprehensive and easy to read, with all assets accounted for.
 - The delivery program is strongly linked to the community strategic plan. There are 4-year budget estimates and details of how the projects/services will be funded. Key performance indicators are offered for each service, but not for the identified projects. The program lacks clear links between community objectives and the proposed service levels and project outcomes.

Source: DLG, *Summary of the further review of council's Integrated Planning and Reporting documentation* (May 2011), North Sydney Council, p 20.



Appendices

A North Sydney's Program of works for the special variation

The following is a proposed program of expenditure which is grouped by the strategic directions identified in the council's community strategic plan.

Program of works for the special rate variation - as per Council's Goals

Description 1	Description 2	Source Plans/Strategies	Delivery Program Reference	2011/12 SRV Funding (2)	2012/13 SRV Funding (3)	2013/14 SRV Funding (4)	2014/15 SRV Funding (5)	2015/16 SRV Funding (6)	2016/17 SRV Funding (7)	2017/18 SRV Funding (8)	Total 7 Years SRV Funding	2018/19 SRV Funding (9)	2019/20 SRV Funding (10)	2020/21 SRV Funding (11)	Total 10 Years SRV Funding
1.1 Natural Environment and Urban Greenspace															
Street tree maintenance	Street Tree Replacement	Street Tree Strategy	n/a	0	0	0	0	70,000	70,000	70,000	210,000	70,000	70,000	70,000	420,000
Street tree maintenance	Street Trees Administration	Street Tree Strategy	n/a	0	0	0	0	12,835	13,413	14,017	40,265	14,648	15,307	15996	86,216
Street tree maintenance	Streets Alive Projects	CSP: Our Living Environment	n/a	0	0	0	90,000	90,000	90,000	90,000	360,000	90,000	90,000	90,000	630,000
1.3 Environmental Footprint															
Street cleansing services	Street & Gutter Cleaning	CSP: Our Living Environment	n/a	0	0	0	515,143	515,143	515,143	515,143	2,060,572	515,143	515,143	515,143	3,606,001
1.4 Public Open Space, Recreation Facilities and Services															
Garden maintenance	Garden Maintenance	CSP: Our Living Environment	n/a	0	0	0	0	0	0	165,339	165,339	169,307	174,047	178,921	687,614
Mowing services	Mowing of grass verges	CSP: Our Living Environment	n/a	0	0	0	380,000	380,000	380,000	380,000	1,520,000	380,000	380,000	380,000	2,660,000
Parks maintenance	Christie Street Reserve Landscaping	Neighbourhood Parks Plan of Management	1.4.1.1.15	0	75,000	0	0	0	0	0	75,000	0	0	0	75,000
Parks management services	Developed Open Space Administration	Parks Plans of Management	PA12 Landscape planning and design	0	0	100,000	100,000	228,412	238,691	249,432	916,535	260,656	272,386	284643	1,734,220
Parks management services	Parks Development and Organisational Management	Parks Plans of Management	n/a	0	0	0	0	100,000	100,000	100,000	300,000	100,000	100,000	100,000	600,000
Parks management services	Parks Plans of Management development	Parks Plans of Management	n/a	0	0	0	0	0	25,000	25,000	50,000	25,000	25,000	25,000	125,000
Parks renewal	Cremorne Point Reserve Playground Upgrade	Cremorne Reserve Plan of Management; Playgrounds Plan of Management	1.4.1.1.13	80,000	0	0	0	0	0	0	80,000	0	0	0	80,000
Parks renewal	Cremorne Reserve Major Entry Points Upgrade	Cremorne Reserve Plan of Management	1.4.1.1.13	0	30,000	0	0	0	0	0	30,000	0	0	0	30,000
Parks renewal	Cremorne Reserve Pedestrian Intersection Upgrade	Cremorne Reserve Plan of Management	1.4.1.1.13	0	0	300,000	0	0	0	0	300,000	0	0	0	300,000
Parks renewal	Lavender Bay Parklands (Quibaree Park) Amenities Block Upgrade	Foreshore Parks and Reserves Plan of Management; Lavender Bay Parklands Masterplan	1.4.1.1.4	0	300,000	0	0	0	0	0	300,000	0	0	0	300,000
Parks renewal	Lavender Bay Parklands Foreshore Lighting	Foreshore Parks and Reserves Plan of Management; Lavender Bay Parklands Masterplan	1.4.1.2.1	200,000	0	0	0	0	0	0	200,000	0	0	0	200,000
Parks renewal	Lavender Bay Parklands Masterplan Landscape Implementation	Foreshore Parks and Reserves Plan of Management; Lavender Bay Parklands Masterplan	1.4.1.2.1	0	150,000	0	0	0	0	0	150,000	0	0	0	150,000
Parks renewal	Smoothey Park Lighting Upgrade	Smoothey Park Plan of Management	1.4.1.1.5	0	0	70,000	0	0	0	0	70,000	0	0	0	70,000
Parks upgrade	Forsyth Park Path Linking Upper and Middle Terraces on Western Side	Sportsgrounds Plan of Management	n/a	0	30,000	0	0	0	0	0	30,000	0	0	0	30,000

Program of works for the special rate variation - as per Council's Goals

Description 1	Description 2	Source Plans/Strategies	Delivery Program Reference	2011/12 SRV Funding (2)	2012/13 SRV Funding (3)	2013/14 SRV Funding (4)	2014/15 SRV Funding (5)	2015/16 SRV Funding (6)	2016/17 SRV Funding (7)	2017/18 SRV Funding (8)	Total 7 Years SRV Funding	2018/19 SRV Funding (9)	2019/20 SRV Funding (10)	2020/21 SRV Funding (11)	Total 10 Years SRV Funding
Parks upgrade	Primrose Park dedicated water access point for non motorised craft & improved pedestrian access	Foreshore Parks and Reserves Plan of Management	1.4.2.4.1	0	0	100,000	0	0	0	0	100,000	0	0	0	100,000
Parks upgrade	Tunks Park Dinghy Storage and dedicated water access point for non motorised craft	Foreshore Parks and Reserves Plan of Management	1.4.2.4.1	70,000	0	0	0	0	0	0	70,000	0	0	0	70,000
Playground renewal	Green Park Playground Upgrade	Playground Plan of Management	1.4.1.1.2	0	50,000	0	0	0	0	0	50,000	0	0	0	50,000
Recreation management services	Active Recreation Planning	Recreational Needs Study	n/a	0	0	0	0	0	150,683	155,324	306,007	160,277	165,720	171,354	803,358
Sportsfield facilities upgrade	Active Recreation Project Management	Recreational Needs Study	n/a	0	0	0	13,803	14,424	15,073	15,751	59,051	16,460	17,201	17975	110,687
Sportsfield facilities renewal	Anderson Park Amenities Block Reconstruction	Sprtsgrounds Plan of Management	1.4.1.1.4	0	0	600,000	0	0	0	0	600,000	0	0	0	600,000
Sportsfield facilities renewal	Bon Andrews Oval Pavilion Upgrade Design	Sportsgrounds Plan of Management	1.4.1.1.9	50,000	0	0	0	0	0	0	50,000	0	0	0	50,000
Sportsfield facilities upgrade	Bon Andrews Oval Sports Ground Lighting	Sportsgrounds Plan of Management	1.4.1.1.5	0	0	160,000	0	0	0	0	160,000	0	0	0	160,000
Sportsfield facilities upgrade	Sports Ground Ancillary Facilities	Sportsgrounds Plan of Management	1.4.1.1.11	150,000	0	0	0	0	0	0	150,000	0	0	0	150,000
Sportsfield maintenance	Bon Andrews Oval (No.2)	Sportsgrounds Plan of Management	n/a	0	0	0	0	0	17,486	18,071	35,556	18,689	19,357	20,049	93,652
Parks Renewal	Iconic Parks	St Leonards Park and Bradfield Park Plans of Management	n/a	0	0	0	0	0	74,275	76,730	151,005	79,331	82,144	85,060	397,541
Sportsfield maintenance	North Sydney Oval	North Sydney Oval Plan of Management	n/a	0	0	0	0	0	80,199	82,883	163,082	85,722	88,786	91,961	429,551
Sportsfield maintenance	Program to increase the number of trees around sports grounds	Sportsgrounds Plan of Management	1.4.1.1.14	0	10,000	0	0	0	0	0	10,000	0	0	0	10,000
Sportsfield maintenance	Sports Field Irrigation Improvements	Sportsgrounds Plan of Management	1.3.1.2.2	0	0	20,000	0	0	0	0	20,000	0	0	0	20,000
Sportsfield renewal	North Sydney Oval Spectator Facilities Improvements	North Sydney Oval Plan of Management	1.4.1.1.10	0	150,000	0	0	0	0	0	150,000	0	0	0	150,000
Tree maintenance	Tree Maintenance	Street Tree Strategy	n/a	0	0	0	0	271,395	271,395	271,395	814,185	271,395	271,395	271,395	1,628,370
2.1 Infrastructure and Assets															
Asset management	Engineering Project Management	CSP: Our Built Environment	n/a	0	0	0	0	100,000	100,000	100,000	300,000	100,000	100,000	100,000	600,000
Building infrastructure maintenance	Community Housing Properties Building Upgrade	Property Asset Management Plan	n/a	0	0	0	18,537	25,457	26,221	27,007	97,222	27,818	28,652	29,512	183,204
Building infrastructure renewal	Council Chambers Building Refurbishment	Property Asset Management Plan	2.1.1.3.4	0	0	250,000	0	0	0	0	250,000	0	0	0	250,000
Building infrastructure renewal	Depot Fire Egress & Meeting Room, Lunch Room & Upstairs Bathroom	Property Asset Management Plan	n/a	0	0	0	100,000	0	0	0	100,000	0	0	0	100,000
Building infrastructure renewal	Property Capital Renewal Program Projects	Property Asset Management Plan	2.1.1.1.4	0	0	100,000	173,744	238,608	245,766	253,139	1,011,257	260,733	0	0	1,271,990

Program of works for the special rate variation - as per Council's Goals

Description 1	Description 2	Source Plans/Strategies	Delivery Program Reference	2011/12 SRV Funding (2)	2012/13 SRV Funding (3)	2013/14 SRV Funding (4)	2014/15 SRV Funding (5)	2015/16 SRV Funding (6)	2016/17 SRV Funding (7)	2017/18 SRV Funding (8)	Total 7 Years SRV Funding	2018/19 SRV Funding (9)	2019/20 SRV Funding (10)	2020/21 SRV Funding (11)	Total 10 Years SRV Funding
Drainage infrastructure renewal	Drainage Critical Inlet Program	Infrastructure Asset Management Plan:Drainage	n/a	0	0	0	15,300	21,012	21,642	22,292	80,246	22,960	23,649	24,359	151,214
Drainage infrastructure renewal	Drainage Projects	Infrastructure Asset Management Plan:Drainage	n/a	0	0	0	108,000	148,320	152,770	157,353	566,443	162,073	41,135	0	769,651
Parks renewal	Park Fencing	Infrastructure Asset Management Plan:Fencing	n/a	0	0	0	24,000	32,000	32,000	32,000	120,000	32,000	32,000	32,000	216,000
Parks renewal	Park Furniture	Infrastructure Asset Management Plan:Street Furniture	n/a	0	0	0	13,500	18,000	18,000	18,000	67,500	18,000	18,000	18,000	121,500
Parks renewal	Park Pathways	Infrastructure Asset Management Plan:Footpaths	n/a	0	0	0	22,500	30,000	30,000	30,000	112,500	30,000	30,000	30,000	202,500
Parks renewal	Park Signage	Infrastructure Asset Management Plan:Signage	n/a	0	0	0	3,000	4,000	4,000	4,000	15,000	4,000	4,000	4,000	27,000
Pool infrastructure renewal	North Sydney Olympic Pool 50m Pool Shell Design	NSOP Property Asset Management Plan	n/a	0	0	0	0	0	0	326,193	326,193	0	0	0	326,193
Pool infrastructure renewal	North Sydney Olympic Pool 50m Pool Shell Construction (Loan Principal)	NSOP Property Asset Management Plan	n/a	0	0	0	0	0	0	0	0	0	192,395	409,980	602,375
Pool infrastructure renewal	North Sydney Olympic Pool 50m Pool Shell Construction (Loan Interest)	NSOP Property Asset Management Plan	n/a	0	0	0	0	0	0	0	0	0	201,961	400,233	602,194
Pool infrastructure renewal	North Sydney Olympic Pool Plant & Building Renewal	NSOP Property Asset Management Plan	n/a	0	0	0	16,391	22,510	23,186	23,881	85,968	24,598	25,336	26,096	161,998
Pool infrastructure renewal	North Sydney Olympic Pool Stabilisation of Wall	NSOP Property Asset Management Plan	n/a	0	0	0	173,891	0	0	0	173,891	0	0	0	173,891
Road infrastructure maintenance	Footpaths maintenance	Infrastructure Asset Management Plan:Footpaths	2.1.1.1.3	80,000	81,600	85,000	185,000	185,000	185,000	185,000	986,600	185,000	185,000	185,000	1,541,600
Road infrastructure maintenance	Local Roads Maintenance	Infrastructure Asset Management Plan:Roads	n/a	0	0	0	0	0	0	0	0	186,926	193,027	199,333	579,286
Road infrastructure renewal	Bus Shelters Replacement	Infrastructure Asset Management Plan:Bus Shelters	2.1.1.1.3	0	0	40,000	12,360	16,974	17,484	18,008	104,826	18,548	19,105	19,678	162,157
Road infrastructure renewal	Footpath Reconstruction	Infrastructure Asset Management Plan:Footpaths	n/a	0	0	0	139,200	191,168	196,903	202,810	730,081	208,894	215,161	61,616	1,215,752
Road infrastructure renewal	Local Roads Renewal	Infrastructure Asset Management Plan:Roads	n/a	0	0	0	0	0	0	0	0	151,875	156,127	160,499	468,501
Road infrastructure renewal	Road Reconstruction	Infrastructure Asset Management Plan:Roads	n/a	0	0	0	255,000	340,000	340,000	340,000	1,275,000	340,000	340,000	138,343	2,093,343
Road infrastructure renewal	Timber Fence Replacement	Infrastructure Asset Management Plan:Fencing	n/a	0	0	0	18,537	25,457	26,221	27,007	97,222	27,818	28,652	29,512	183,204
2.2 Land Use and Development															
Development assessment services	Design Excellence & Urban Design Panels	Urban Design Panel Policy	n/a	0	0	0	60,000	60,000	60,000	60,000	240,000	60,000	60,000	60,000	420,000
Planning control	LEP & DCP Planning	CSP: Our Built Environment (relates to 5.4)	n/a	0	0	0	0	0	0	0	0	114,835	114,835	114,835	344,505
Information services	Community Profile & Forecast	CSP: Our Economic Vitality	n/a	0	0	0	30,000	30,000	30,000	30,000	120,000	30,000	30,000	30,000	210,000

Program of works for the special rate variation - as per Council's Goals

Description 1	Description 2	Source Plans/Strategies	Delivery Program Reference	2011/12 SRV Funding (2)	2012/13 SRV Funding (3)	2013/14 SRV Funding (4)	2014/15 SRV Funding (5)	2015/16 SRV Funding (6)	2016/17 SRV Funding (7)	2017/18 SRV Funding (8)	Total 7 Years SRV Funding	2018/19 SRV Funding (9)	2019/20 SRV Funding (10)	2020/21 SRV Funding (11)	Total 10 Years SRV Funding
Streetscape Renewal	Streetscape Projects small centres	Waverton Village Masterplan; Kirribilli Village Masterplan, Cremorne Masterplan; Cammeray Masterplan	2.2.1.1.3	65,000	128,000	100,000	220,420	220,420	233,844	240,859	1,208,543	248,085	255,527	263,193	1,975,348
Streetscape maintenance	Crows Nest Streetscape Revise Strategic Plan	Crows Nest Strategic Plan	2.2.4.1.1	0	0	0	20,000	0	0	0	20,000	0	0	0	20,000
Streetscape renewal	Crows Nest Streetscape Burlington Street Upgrade	Crows Nest Strategic Plan	2.2.4.1.2	0	100,000	0	0	0	0	0	100,000	0	0	0	100,000
Streetscape renewal	Crows Nest Streetscape Pacific Highway Upgrade	Crows Nest Strategic Plan	2.2.4.1.2	0	0	100,000	150,000	150,000	150,000	0	550,000	0	0	0	550,000
Streetscape renewal	Crows Nest Streetscape Upgrade Program	Crows Nest Strategic Plan	2.2.4.1.2	0	0	0	0	40,000	40,000	40,000	120,000	40,000	40,000	40,000	240,000
Streetscape renewal	Crows Nest Streetscape Way Finding & Signage	Crows Nest Strategic Plan	2.2.4.1.2	0	10,000	0	0	0	0	0	10,000	0	0	0	10,000
Streetscape renewal	Neutral Bay Streetscape Projects	Neutral Bay Masterplan	2.2.4.1.1	0	90,000	50,000	150,000	150,000	150,000	150,000	740,000	150,000	150,000	150,000	1,190,000
2.4 Sustainable Transport															
Traffic infrastructure maintenance	Pedestrian Facilities Projects	North Sydney Traffic and Pedestrian Management Plan	n/a	0	0	0	9,000	9,000	9,000	9,000	36,000	9,000	9,000	9,000	63,000
Traffic infrastructure renewal	Bicycle Facilities Projects	North Sydney Bicycle Plan	n/a	0	0	0	18,000	18,000	18,000	18,000	72,000	18,000	18,000	18,000	126,000
2.5 Traffic Management															
Parking infrastructure renewal	Parking Meters	North Traffic and Transport Strategy	n/a	0	0	0	16,000	16,000	16,000	16,000	64,000	16,000	16,000	16,000	112,000
Parking management	Parking Enforcement Officers' equipment	Rangers Services Strategic Plan	n/a	0	0	0	0	15,000	15,000	15,000	45,000	15,000	15,000	15,000	90,000
Parking management	Rangers' equipment	Rangers Services Strategic Plan	n/a	0	0	0	0	4,200	4,200	4,200	12,600	4,200	4,200	4,200	25,200
Traffic infrastructure renewal	Traffic Facilities Projects	North Sydney Traffic Strategy	2.5.1.1.1	0	75,000	100,000	110,000	110,000	110,000	110,000	615,000	110,000	110,000	110,000	945,000
3.1 Local Economy															
Community events	Mount Street Plaza Event	CSP: Our Social Vitality	3.1.3.5.1	0	0	40,000	80,000	80,000	80,000	80,000	360,000	80,000	80,000	80,000	600,000
Economic development	CBD Promotional & Economic Development	CSP: Our Economic Development	3.2.1.3.2	0	100,000	100,000	0	0	0	0	200,000	0	0	0	200,000
Streetscape renewal	CBD Public Domain Program	North Sydney Centre Public Domain Strategy	3.1.3.4.1	0	0	0	200,000	200,000	200,000	200,000	800,000	200,000	200,000	200,000	1,400,000
4.1 Local Communities															
Aboriginal heritage program	Aboriginal Heritage Program	Aboriginal Heritage Management Plan	n/a	0	0	0	0	45,916	49,145	52,903	147,963	56,659	60,207	63,941	328,770
Community events	LEAPS Guringai Festival	Social Plan: CSP: Our Social Vitality	PA48 Community events	0	7,000	7,000	7,000	7,000	7,000	7,000	42,000	7,000	7,000	7,000	63,000
Community events	LEAPS Library's Harmony Day	Social Plan: CSP: Our Social Vitality	4.1.3.2.2	0	1,500	1,500	1,500	1,500	1,500	1,500	9,000	1,500	1,500	1,500	13,500
Community events	LEAPS Translation of Forms & Documents	Social Plan: CSP: Our Social Vitality	n/a	0	0	0	0	3,500	3,500	3,500	10,500	3,500	3,500	3,500	21,000
Community events	Public Events - New Years Eve, Australia Day	Social Plan: CSP: Our Social Vitality	n/a	0	0	0	0	0	152,363	156,196	308,560	160,390	165,228	170,215	804,393
Cultural assets	Cultural Plan Art Purchases	Arts and Cultural Resources Strategic Plan	4.1.5.1.1	5,000	5,000	5,000	5,000	5,000	5,000	5,000	35,000	5,000	5,000	5,000	50,000
Subsidies & donations to community groups for various services	Community grants	Social Plan: CSP: Our Social Vitality	n/a	0	0	0	0	0	0	119,820	119,820	122,695	126,131	129,663	498,309

Program of works for the special rate variation - as per Council's Goals

Description 1	Description 2	Source Plans/Strategies	Delivery Program Reference	2011/12 SRV Funding (2)	2012/13 SRV Funding (3)	2013/14 SRV Funding (4)	2014/15 SRV Funding (5)	2015/16 SRV Funding (6)	2016/17 SRV Funding (7)	2017/18 SRV Funding (8)	Total 7 Years SRV Funding	2018/19 SRV Funding (9)	2019/20 SRV Funding (10)	2020/21 SRV Funding (11)	Total 10 Years SRV Funding
4.2 Lifelong Learning and Volunteering															
Library services	Library Book Purchases	Library and Historical Resources Strategic Plan	PA53 Collection development	0	10,000	10,000	10,000	10,000	10,000	10,000	60,000	10,000	10,000	10,000	90,000
Library services	Reader Services	Library and Historical Resources Strategic Plan	PA54 Reader services	43,500	46,233	50,536	50,536	50,536	50,536	50,536	342,413	50,536	50,536	50,536	494,021
Subsidies & donations to community groups for various services	Community education	Social Plan: CSP: Our Social Vitality	n/a	0	0	0	0	0	0	105,019	105,019	107,539	110,550	113,646	436,755
4.3 Health and Wellbeing															
Recreation management services	Recreation Planning	Recreational Needs Study	PA58 Recreation planning	0	100,000	100,000	100,000	319,560	333,940	348,967	1,302,467	364,671	381,081	398,230	2,446,449
Subsidies & donations to community groups for various services	Community support groups	Social Plan: CSP: Our Social Vitality	n/a	0	0	0	0	0	0	149,882	149,882	153,479	157,776	162,194	623,331
4.4 Community Services, Facilities and Information															
Community centre playground	Children's Playground Equipment Replacement	Children's Services Strategic Plan	4.4.1.2.2	5,000	5,000	5,000	5,000	5,000	5,000	5,000	35,000	5,000	5,000	5,000	50,000
Community centre renewal	Community Centres Furniture Replacement	Community Centres Joint Plans of Management	4.4.1.2.2	5,000	5,000	5,000	5,000	5,000	5,000	5,000	35,000	5,000	5,000	5,000	50,000
Community centre renewal	Crows Nest Centre Refurbishment Foyer	Property Asset Management Plan: Crows Nest Centre Joint Plan of Management	4.4.1.3.2	0	0	150,000	0	0	0	0	150,000	0	0	0	150,000
Community support services	Community Administration	Social Plan: CSP: Our Social Vitality	n/a	0	0	0	0	0	0	100,000	100,000	100,000	100,000	100,000	400,000
Social planning	Social Planning - Community Workshops	Social Plan: CSP: Our Social Vitality	4.4.1.1.2	2,000	2,000	2,000	2,000	2,000	2,000	2,000	14,000	2,000	2,000	2,000	20,000
Social planning	Community Information Service	Social Plan: CSP: Our Social Vitality	n/a	0	0	0	0	0	0	70,003	70,003	72,619	75,383	78,253	296,259
Subsidies & donations to community groups for various services	Childrens services	Children's Services Strategic Plan	n/a	0	0	0	0	0	0	42,777	42,777	43,804	45,030	46,291	177,902
Subsidies & donations to community groups for various services	Greenwood Childcare Centre	Children's Services Strategic Plan	n/a	0	0	0	0	0	0	29,049	29,049	29,746	30,579	31,435	120,808
Subsidies & donations to community groups for various services	Community parking subsidies	Social Plan: CSP: Our Social Vitality (relates to 5.5)	n/a	0	0	0	0	0	0	156,514	156,514	160,270	164,758	169,371	650,913
Youth centre renewal	Planet X Equipment	Planet X Strategic Plan	n/a	0	0	0	10,000	10,000	10,000	10,000	40,000	10,000	10,000	10,000	70,000
4.5 Community Safety and Accessibility															
Community access works	Access Works Minor Access / Safety Works	Social Plan: CSP: Our Social Vitality	n/a	0	0	0	0	15,000	15,000	15,000	45,000	15,000	15,000	15,000	90,000
Social planning	Social Planning - Projects in Schools	Social Plan: CSP: Our Social Vitality	4.5.1.3.2	3,500	3,000	3,000	3,500	3,500	3,500	3,500	23,500	3,500	3,500	3,500	34,000
Social planning	Social Planning Service	Social Plan: CSP: Our Social Vitality	n/a	0	0	0	0	0	50,000	133,690	183,690	139,815	146,004	152,458	621,967
Subsidies & donations to community groups for various services	Community access	Social Plan: CSP: Our Social Vitality	n/a	0	0	0	0	0	0	61,207	61,207	62,676	64,430	66,235	254,547
Youth services	Youth Activities	Planet X Strategic Plan	n/a	0	0	0	0	0	226,389	235,099	461,488	244,189	253,716	263,616	1,223,008

Program of works for the special rate variation - as per Council's Goals

Description 1	Description 2	Source Plans/Strategies	Delivery Program Reference	2011/12 SRV Funding (2)	2012/13 SRV Funding (3)	2013/14 SRV Funding (4)	2014/15 SRV Funding (5)	2015/16 SRV Funding (6)	2016/17 SRV Funding (7)	2017/18 SRV Funding (8)	Total 7 Years SRV Funding	2018/19 SRV Funding (9)	2019/20 SRV Funding (10)	2020/21 SRV Funding (11)	Total 10 Years SRV Funding
5.2 Community Engagement															
Precinct support	Precinct System coordination	Community Engagement Policy; Precincts Policy	PA71 Precinct System Admin	18,158	18,666	20,000	20,000	20,000	20,000	20,000	136,824	20,000	20,000	20,000	196,824
5.3 Informed Community															
Community information	Community Publicity	Community Engagement Policy; Precincts Policy	n/a	0	0	0	0	0	0	0	0	0	171,310	171,310	342,620
5.4 Organisation															
Audit services	Performance Audit & Review Projects	Risk Management Strategy; Internal Audit Program	n/a	0	0	0	0	5,000	5,000	5,000	15,000	5,000	5,000	5,000	30,000
Customer services	Customer Flow Management System	CSP: Our Civic Leadership; Customer Service Policy	5.4.3.1.1	0	25,000	0	0	0	0	0	25,000	0	0	0	25,000
Customer services	Customer Service Benchmarking Project	CSP: Our Civic Leadership; Customer Service Policy	n/a	0	0	0	5,000	5,000	5,000	5,000	20,000	5,000	5,000	5,000	35,000
Customer services	Customer Service Centre hours of operation	CSP: Our Civic Leadership; Customer Service Policy	n/a	0	0	0	0	0	0	0	0	0	0	185,296	185,296
Development assessment services	Assessments Service Delivery	CSP: Our Built Environment	n/a	0	0	0	0	0	236,012	236,012	472,024	236,012	236,012	236,012	1,180,060
Development assessment services	Planning and Deveopment Project Management	CSP: Our Built Environment	n/a	0	0	0	0	0	0	100,000	100,000	100,000	100,000	100,000	400,000
Governance services	Governance service delivery	CSP: Our Civic Leadership	n/a	0	0	0	0	0	100,000	100,000	200,000	100,000	100,000	100,000	500,000
Information services	Business Recovery Testing	Risk Management Strategy	n/a	0	0	0	0	5,000	5,000	5,000	15,000	5,000	5,000	5,000	30,000
Information services	Computer Equipment / I.T. Projects	IT Strategy	n/a	0	0	0	100,000	100,000	100,000	100,000	400,000	100,000	100,000	100,000	700,000
Information services	Digitising of Building Records (1920's to 1988)	Knowledge Management Strategy	5.4.6.1.3	18,000	18,000	0	0	0	0	0	36,000	0	0	0	36,000
Information services	Information Security Analysis	IT Strategy	n/a	0	0	0	0	70,000	70,000	70,000	210,000	70,000	70,000	70,000	420,000
Occupational health & safety	Behaviour Based Safety Program	OH&S Management System; OH&S Policy	5.4.4.1.4	0	20,000	15,000	15,000	15,000	15,000	15,000	95,000	15,000	15,000	15,000	140,000
Risk management	Insurance Valuations	Risk Management Strategy	n/a	0	0	0	0	5,000	5,000	5,000	15,000	5,000	5,000	5,000	30,000
Risk management	Review & Update Strategic Risk Register	Risk Management Strategy	n/a	0	0	0	0	0	10,000	0	10,000	0	10,000	10,000	30,000
5.5 Financial Sustainability															
Governance services	Finance project management	CSP: Our Civic Leadership	n/a	0	0	0	0	0	43,942	70,604	114,546	93,512	95,603	97,829	401,490
				795,158	1,645,999	2,689,036	3,780,861	4,891,847	6,121,422	7,579,610	27,503,932	7,844,103	8,160,083	8,484,917	51,993,035

Operating Expenditure		170,158	487,999	549,036	1,711,019	2,735,178	3,931,406	5,185,868	14,770,663	5,596,319	6,080,796	6,569,442	33,017,220
Capital Expenditure		625,000	1,158,000	2,140,000	2,069,842	2,156,669	2,190,016	2,393,742	12,733,269	2,247,784	2,079,287	1,915,476	18,975,816
		795,158	1,645,999	2,689,036	3,780,861	4,891,847	6,121,422	7,579,610	27,503,932	7,844,103	8,160,083	8,484,917	51,993,035

Renewal Expenditure		400,000	938,000	1,865,000	2,054,842	2,141,669	2,175,016	2,378,742	11,953,269	2,232,784	2,064,287	1,900,476	18,150,816
New Expenditure		225,000	220,000	275,000	15,000	15,000	15,000	15,000	780,000	15,000	15,000	15,000	825,000
		625,000	1,158,000	2,140,000	2,069,842	2,156,669	2,190,016	2,393,742	12,733,269	2,247,784	2,079,287	1,915,476	18,975,816

B North Sydney's Infrastructure levy program of expenditure

The following is a proposed program of expenditure which is identified by the council as the continuation of the expiring Infrastructure Levy.

Attachment 4

3.3 Efficient and Feasible Program of Expenditure

North Sydney Council Infrastructure Levy Program 2010/12 to 19/20

Council, in 2006, applied for and got approval for a 5 year Special Rate Variation (Infrastructure Levy) specifically to improve the condition of Council's infrastructure. A portion of this levy was used to undertake additional asset condition surveys. The focus of these surveys was on stormwater drainage, street furniture and marine structures. The outcome of these surveys has been the identification of a backlog of maintenance and renewal projects. The asset condition data has also been incorporated into Council's Long Term Asset Management Plans. These plans utilize asset condition modeling developed by JRA consultants and have now been adopted nationally through National Asset Management Strategy. This latest revisions of Councils Asset Management Plans undertaken in 2009 has shown an ongoing need for continued additional capital expenditure on infrastructure so as to maintain if current functional levels. The table below summaries where the continued infrastructure Levy will be spent. Details of the objectives of each program are provided below.

	Year 5	Infrastructure levy rolled into General rate and increases at 3% p.a							
Total	1,600,000	1,648,000	1,697,440	1,748,363	1,800,814	1,854,839	1,910,484	1,967,798	2,026,832
Capital Works Component	1,152,000	1,489,847	1,518,276	1,559,324	1,606,104	1,654,287	1,703,916	1,755,033	1,807,684
Recurrent Component	448,000	158,153	179,164	189,039	194,710	200,551	206,568	212,765	219,148

Capital Works Component of Infrastructure Levy									
EPS Program	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Drainage	300,000	300,000	250,000	253,000	260,590	268,408	276,460	284,754	293,296
Marine	63,000	64,890	66,837	68,842	70,907	73,034	75,225	77,482	79,807
Retaining Walls	155,000	159,650	164,440	169,373	174,454	179,687	185,078	190,630	196,349
Roads	300,000	500,000	700,000	721,000	742,630	764,909	787,856	811,492	835,837
Seawall	491,874	320,000	337,000	347,110	357,523	368,249	379,296	390,675	402,396
Street Furniture	145,307	145,307	0	0	0	0	0	0	0
Grand Total	1,455,181	1,489,847	1,518,276	1,559,324	1,606,104	1,654,287	1,703,916	1,755,033	1,807,684

Drainage

Council's drainage network is currently estimated to be 98km in length. Since 2006 Council has now CCTV'd 54km (55%) of its drainage network. Of this 8.8 km (9%) required unblocking, root cutting, and cleaning. 35% of the pipe network surveyed is in poor condition (Sewer at Grading of 3). This equates to 34.4km of pipes in poor condition if extrapolated over the entire network. However reviewing these pipes in poor condition it is estimated that only 3.4km of pipe requires replacing. If this is extrapolated over the entire network this equates to 6.2km (6.4%) of pipe requiring replacement with a current replacement cost of \$8mil. Including the Infrastructure Levy, the total forecast budget for drainage per year is \$690k. Of this amount it is

Infrastructure Levy Program 10/12 to 19/20

expected that \$140k will be spent on unblocking, root cutting, cleaning, as well as maintenance. The remaining \$550k will be spent on pipe replacement. It is estimated that it will take 15 years to replace pipes currently identified as requiring replacement.

Marine

Council has 23 marine structures including wharves, pontoons, boardwalks, bridge, and boat ramps. The current replacement cost is approximately \$4mil. A contractor has been engaged to carry out a detailed condition audit and valuation of Council's marine structures commencing March 2011. This inspection will be done of each component of each structure and will include a dive inspection of piers below sea level. The report will also include a recommended 10 year program to rehabilitate Council's Marine Structures. Whilst the audit has not been completed, based on several investigations carried out to date, it is known that a number of piers are approaching the end of their useful life. The marine structure component that deteriorates most rapidly is the piers as they are most susceptible to marine borers. The bulk of the Infrastructure Levy allocated to marine structures will be used to replace piers in poor condition.

Retaining Walls

Council has 260 retaining walls, approximately 12km in length and 25,000 sqm in area. The retaining wall capital works program is currently focused on addressing walls in various stages of failure. Once the wall is identified as requiring repair/replacement, a detailed design is undertaken and the necessary works are programmed based on the available funding and the urgency of the identified works. With additional funding, more regular detailed condition inspections can be undertaken. These will identify walls with the potential for failure and those walls that are exhibiting signs of potential problems due to excessive surcharge and/or vegetation displacing the wall facings. To date the Infrastructure Levy has been used to rebuild walls in various stages of failure. In future the Infrastructure Levy will be used to carry out remedial rehabilitate on limited areas of a retaining that showing signs of distress. This will prolong the life of the remainder of the retaining wall.

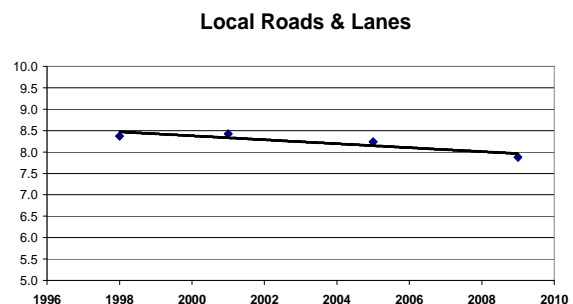
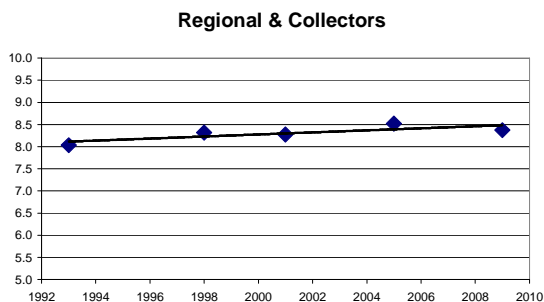
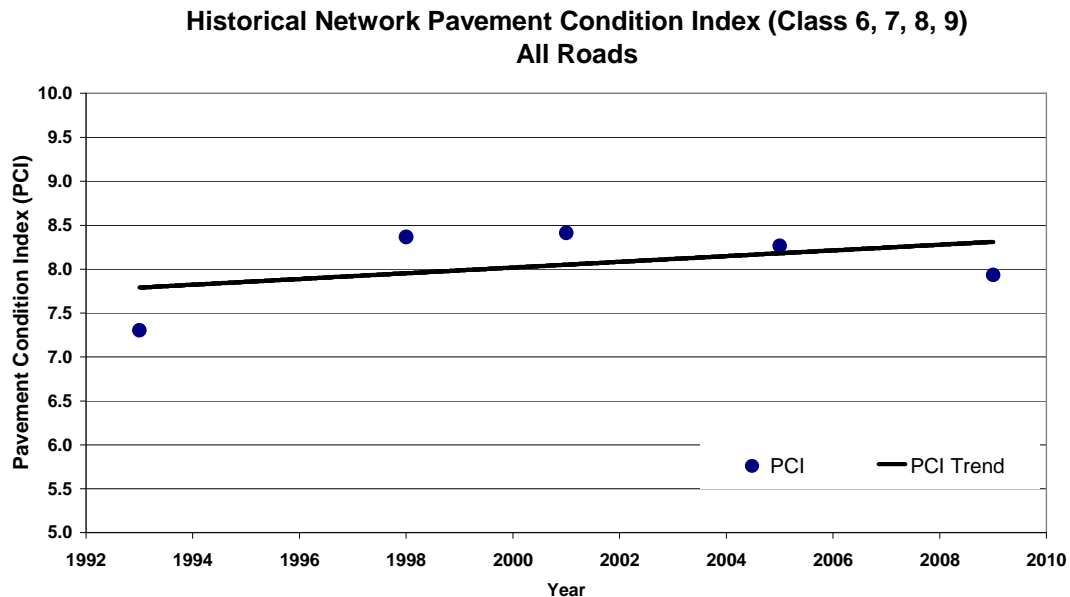
Roads

Council has 129km of local roads and 10km of Regional Roads. With a value of over \$200m, these are Council's most significant assets. Council has carried out detailed condition surveys of its road network since 1993. From these surveys the Pavement Condition Index (PCI) can be determined. The PCI is a useful overall condition of a road and takes into account the roads surface texture, cracking, potholes, and patches. The PCI ranges from 0 (poor) to 10 (good).

The graphs on the following page indicates that the condition of the overall road network is remaining relatively constant, Over the last 15 years resources have been directed towards the Regional and Collector roads (Class 6). This class of roads are showing signs of a slow improvement. The Local roads (Class 7,8 & 9) on the other

Infrastructure Levy Program 10/12 to 19/20

hand are showing signs of a very small decline in their condition index. This trend became significantly more noticeable after the 2009 road pavement condition survey.



The Infrastructure Levy will be used to undertake additional road rehabilitation and resheeting works mainly on the local road network so as to bring the PCI of local roads up to 8.5. The \$6.1m program will result in a further 11km of local roads being resheeted over the 10 year period.

Seawalls

Council has nearly 5km of Seawalls with a current replacement cost of \$24m. An extensive condition survey was completed in the mid 1990s. This identified the need to undertake a rehabilitation program on these walls before they became un-repairable and would then need reconstruction. Rehabilitation cost \$2k/m Reconstruction is \$10k/m. Council has been undertaking major rehabilitation works to the seawalls since the mid 90s. This program has, on average, seen one major seawall section is completed every 2 years depending on size and complexity of project. The additional Infrastructure Levy will enable a continuation of the program in conjunction with a

Infrastructure Levy Program 10/12 to 19/20

preventative maintenance program. An updated condition survey will also identify a preventative maintenance that can be implemented to repair small failures. Repair of these sections of wall will prevent large-scale failures. The \$3.3m program will see a further 1km of seawalls rehabilitated.

Street Furniture

Council has approximately 3,000 items of Street Furniture with the Council area ranging from seats, tables, bollards, bins, gazebos, planter boxes, monuments, bubblers, and various street art works. A detailed condition audit of Street Furniture in Councils Parks and Reserves commenced in January 2011 and is expected to be completed in April 2011. Of the 598 items inspected to date 207 or 35% require either repair or replacement. The Street Furniture within Council's Reserves generally in average to poor condition. The \$290k Infrastructure Levy will be used to replace 40 seats and a further 1400m of timber fences.

C North Sydney's Environment levy program of expenditure

The following is a proposed program of expenditure which is indentified by the council as the continuation of the expiring Environment Levy.

PROJECT / ACTION	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	REFERENCE DOCUMENT	ENVIRONMENTAL FACTORS ADDRESSED
Implementation of Port Jackson Catchment Bushland / Fauna Rehabilitation Plans. Includes fauna nesting program, stormwater creekline management, weed infestation removal.											Bushland / Fauna Rehabilitation Plans for Port Jackson Catchment 1999/2001 - Section 2	
Cremorne Reserve Bushland Biodiversity Rehabilitation	\$46,125	\$47,278	\$48,500	\$48,500	\$48,500	\$48,500	\$48,500	\$48,500	\$48,500	\$48,500	Cremorne Pt. Reserve Bushland / Fauna Rehab. Plan	Biodiversity; Ecosystem functions
Gore Cove Reserve (incl. Smoothey Park) Bushland Biodiversity Rehabilitation	\$46,125	\$47,278	\$48,500	\$48,500	\$48,500	\$48,500	\$48,500	\$48,500	\$48,500	\$48,500	Smoothey Park/Gore Cove Bushland / Fauna Rehab. Plan	Biodiversity; Ecosystem functions
Badangi Reserve (incl. Bridge End) Bushland Biodiversity Rehabilitation	\$61,500	\$63,038	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	Tryon Avenue Bushland / Fauna Rehab. Plan	Biodiversity; Ecosystem functions
Sugar Works Reserve Bushland Biodiversity Rehabilitation	\$15,375	\$15,759	\$16,500	\$16,500	\$16,500	\$16,500	\$16,500	\$16,500	\$16,500	\$16,500	Tryon Avenue Bushland / Fauna Rehab. Plan	Biodiversity; Ecosystem functions
Balls Head Reserve Bushland Biodiversity Rehabilitation	\$56,375	\$57,784	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	Balls Head Reserve Bushland / Fauna Rehab. Plan	Biodiversity; Ecosystem functions
Forsyth Park Bushland Biodiversity Rehabilitation	\$20,992	\$21,517	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	Forsyth Park Bushland / Fauna Rehab. Plan	Biodiversity; Ecosystem functions
Waverton Park Bushland Biodiversity Rehabilitation	\$20,992	\$21,517	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	Balls Head Reserve Bushland / Fauna Rehab. Plan	Biodiversity; Ecosystem functions
Sub totals for Port Jackson	\$267,484	\$274,171	\$281,025	\$288,051	\$295,252	\$302,634	\$310,199	\$317,954	\$325,903	\$334,051		
Implementation of Middle Harbour Bushland Rehabilitation Plans. Includes fauna nesting program, stormwater creekline management, weed infestation removal.											Bushland/Fauna Rehabilitation Plans for Middle Harbour Catchment 2003	
Primrose Park Bushland Rehabilitation	\$46,125	\$47,278	\$48,500	\$48,500	\$48,500	\$48,500	\$48,500	\$48,500	\$48,500	\$48,500	Primrose Park Bushland / Fauna Rehab. Plan	Biodiversity; Ecosystem functions

Environmental Improvement and/or Protection Initiatives - eligible to be funded through the proposed annual Environmental Levy

PROJECT / ACTION	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	REFERENCE DOCUMENT	ENVIRONMENTAL FACTORS ADDRESSED
Brightmore Reserve Bush Regeneration	\$30,750	\$31,519	\$32,500	\$32,500	\$32,500	\$32,500	\$32,500	\$32,500	\$32,500	\$32,500	Brightmore Reserve Bushland / Fauna Rehab. Plan	Biodiversity; Ecosystem functions
Tunks Park Bush Regeneration	\$61,500	\$63,038	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	Tunks Park Bushland / Fauna Rehab. Plan	Biodiversity; Ecosystem functions
Wonga Road Foreshore Rehabilitation	\$20,500	\$21,013	\$22,000	\$22,000	\$22,000	\$22,000	\$22,000	\$22,000	\$22,000	\$22,000	Wonga Road Bushland / Fauna Rehab. Plan	Biodiversity; Ecosystem functions
Sub totals for Middle Harbour	\$158,875	\$162,847	\$168,000	\$168,000	\$168,000	\$168,000	\$168,000	\$168,000	\$168,000	\$168,000		
Implementation of Bushland / Fauna Rehabilitation Plans for Port Jackson & Middle Harbour Catchments; Implementation of Bushland Plan of Management											Bushland / Fauna Rehabilitation Plans for Port Jackson Catchment 1999/01 & Middle Harbour Catchment 2001/03; Bushland Plan of Management 2007	
Community Nursery Management (Coal Loader)	\$0	\$0	\$25,500	\$26,138	\$26,791	\$27,461	\$28,147	\$28,851	\$29,572	\$25,500	Bushland PoM	Biodiversity; Ecosystem functions; social environment
Adopt-a-Plot community engagement	\$50,000	\$51,250	\$52,531	\$53,845	\$55,191	\$56,570	\$57,985	\$59,434	\$60,920	\$62,443	Bushland PoM	Biodiversity, Social environment
Biodiversity Education Program	\$89,838	\$92,084	\$94,386	\$96,746	\$99,164	\$101,643	\$104,185	\$106,789	\$109,459	\$112,195	Bushland PoM; PJ & MH Catchment Bushland / Fauna Rehabilitation Plans	Biodiversity, Social environment
Internal Design and Administration	\$43,317	\$44,400	\$45,510	\$46,648	\$47,814	\$49,009	\$50,234	\$51,490	\$52,778	\$54,097	Bushland PoM; PJ & MH Catchment Bushland / Fauna Rehabilitation Plans	User facility improvements
Habitat restoration / Wildlife corridors	\$40,000	\$41,000	\$42,025	\$43,076	\$44,153	\$45,256	\$46,388	\$47,547	\$48,736	\$49,955	Bushland PoM; PJ & MH Catchment Fauna Rehab. Plans	Biodiversity, Social environment
Wildlife monitoring / Bio-indicator analysis			\$20,000	\$20,000				\$20,000	\$20,000		Bushland PoM; PJ & MH Catchment Fauna Rehab. Plans	Biodiversity, Social environment

Environmental Improvement and/or Protection Initiatives - eligible to be funded through the proposed annual Environmental Levy

PROJECT / ACTION	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	REFERENCE DOCUMENT	ENVIRONMENTAL FACTORS ADDRESSED
Bushcare Support	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	Bushland PoM	Biodiversity, Social environment
Strategic Bushland Rehabilitation Planning Project	\$0	\$40,000	\$20,000	\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	Bushland PoM; PJ & MH Catchment Fauna Rehab. Plans	Biodiversity, Social environment
Rationalise bushland walking track system	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000	Bushland PoM; PJ & MH Catchment Bushland Rehab. Plans	Biodiversity; User facility & Water quality improvements
Companion animals in bushland education program	\$5,500	\$5,500	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	Bushland PoM; PJ & MH Catchment Fauna Rehab. Plans	Biodiversity, Social environment
Interpretive signage	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	Bushland PoM; PJ & MH Catchment Bushland / Fauna Rehabilitation Plans	User facility improvements
Provenance seed bank & propagation project	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	Bushland PoM	Biodiversity, Social environment
Bushland stormwater remediation and site stabilisation projects (eg Tunks Park Stage 2; Quarry Creek; Bridge End Slope Stabilisation)	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	Bushland PoM; Bushland Rehab. Plans (both)	Biodiversity
Sub totals for both catchments	\$341,655	\$387,234	\$390,452	\$376,314	\$362,321	\$368,479	\$374,791	\$421,261	\$407,893	\$394,690		
Implementation of North Sydney Council's Street Tree Strategy											Street Tree Strategy 2006	
Canopy enhancement program (Aerial Bundled Cabling)	\$50,000.00	\$50,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00		Biodiversity
Implementation of programs identified in the Water Management Plan											Water Management Plan 2010-2015	
Water audit and implementation	\$15,000	\$15,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	Water Management Plan	Water Efficiency

PROJECT / ACTION	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	REFERENCE DOCUMENT	ENVIRONMENTAL FACTORS ADDRESSED
Water Monitoring and Review (water use and quality)	\$20,000	\$20,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	Water Management Plan	Water Efficiency Recycled Water Water Quality
Maintain gross pollutant traps & litter baskets	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	Water Management Plan	Water Quality
Bioretention projects	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	Water Management Plan	Water Quality
Catchment Protection Officer	\$74,000	\$75,850	\$77,746	\$79,690	\$81,682	\$83,724	\$85,817	\$87,963	\$90,162	\$92,416	Water Management Plan	Water Quality
Catchment Education Program	\$5,000	\$5,000	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	Water Management Plan	Water Quality Water Efficiency
Improved Street Sweeping in the Catchments	\$64,000	\$65,600	\$67,240	\$68,921	\$70,644	\$72,410	\$74,220	\$76,076	\$77,978	\$79,927	Water Management Plan	Water Quality
Sub totals for Water Management Plan	\$298,000	\$301,450	\$322,486	\$326,111	\$329,826	\$333,634	\$337,538	\$341,539	\$345,640	\$349,843		
Implementation of programs identified in the Greenhouse Action Plan											Greenhouse Action Plan 2010-2015	
Coal Loader Sustainability Centre	\$0	\$0	\$20,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	The Coal Loader Sustainability Centre Draft Business Plan	Community participation
Energy Audit and Implementation	\$15,000	\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Greenhouse Action Plan	Energy Efficiency
Additional Council GreenPower use	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	Greenhouse Action Plan	Renewable Energy

PROJECT / ACTION	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	REFERENCE DOCUMENT	ENVIRONMENTAL FACTORS ADDRESSED
Energy efficiency initiatives (eg Cogen North Sydney Olympic Pool), Photovoltaic projects (Council Chambers & Stanton Library)	\$300,000	\$300,000	\$165,000	\$165,000	\$165,000	\$165,000	\$165,000	\$165,000	\$165,000	\$165,000	Greenhouse Action Plan	Low Emission Energy
Street Lighting Improvement	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	Greenhouse Action Plan	Energy Efficiency
Residential Sustainability Programs	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	Greenhouse Action Plan Water Management Plan	Energy Efficiency Renewable Energy Low Emission Energy Water Efficiency
Sustainable Food Programs	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	Greenhouse Action Plan	Energy Efficiency Renewable Energy Reduce Fuel Use Waste Minimisation Community Participation
Sustainable Transport Programs (including Green Travel Guides & Bike Strategy implementation)	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	Greenhouse Action Plan	Reduce Fuel Use Active Transport Public Transport Community Participation
School Sustainability Programs	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	Greenhouse Action Plan Water Management Plan	Energy Efficiency Renewable Energy Low Emission Energy Water Efficiency
Sustainable Business Coordinator (CitySwitch and other business programs)	\$40,000	\$41,000	\$80,000	\$82,000	\$84,050	\$86,151	\$88,305	\$90,513	\$92,775	\$95,095	Greenhouse Action Plan Water Management Plan	Energy Efficiency Renewable Energy Low Emission Energy Water Efficiency Recycled Water
Greenhouse Monitoring and Review (Carbon Management System)	\$5,000	\$5,000	\$26,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	Greenhouse Action Plan	Energy Efficiency Renewable Energy Low Emission Energy
Sustainability Education Programs	\$156,000	\$159,900	\$170,000	\$174,250	\$178,606	\$183,071	\$187,648	\$192,339	\$197,148	\$202,077	Greenhouse Action Plan Water Management Plan	Energy Efficiency Renewable Energy Low Emission Energy Water Efficiency Recycled Water

PROJECT / ACTION	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	REFERENCE DOCUMENT	ENVIRONMENTAL FACTORS ADDRESSED
Sustainable Transport Officer	\$59,000	\$60,475	\$61,987	\$63,537	\$65,125	\$66,753	\$68,422	\$70,132	\$71,886	\$73,683	Greenhouse Action Plan	Reduce Fuel Use Active Transport Public Transport Community Participation
Sub totals for Greenhouse Action Plan	\$770,000	\$776,375	\$712,987	\$710,787	\$718,781	\$726,976	\$735,375	\$743,985	\$752,809	\$761,854		
Environmental Levy Administration	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000							
Sub-totals and Grand Total for Levy Matrix 2011-2021												
Sub totals for Port Jackson	\$267,484	\$274,171	\$281,025	\$288,051	\$295,252	\$302,634	\$310,199	\$317,954	\$325,903	\$334,051		
Sub totals for Middle Harbour	\$158,875	\$162,847	\$168,000	\$168,000	\$168,000	\$168,000	\$168,000	\$168,000	\$168,000	\$168,000		
Sub totals for both catchments	\$341,655	\$387,234	\$390,452	\$376,314	\$362,321	\$368,479	\$374,791	\$421,261	\$407,893	\$394,690		
Sub totals for Street Tree Strategy	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000		
Sub totals for Water Management Plan	\$298,000	\$301,450	\$322,486	\$326,111	\$329,826	\$333,634	\$337,538	\$341,539	\$345,640	\$349,843		
Sub totals for Greenhouse Action Plan	\$770,000	\$776,375	\$712,987	\$710,787	\$718,781	\$726,976	\$735,375	\$743,985	\$752,809	\$761,854		
Sub totals for Environmental Levy Administration	\$90,000	\$92,250	\$94,556	\$96,920	\$99,343	\$101,827	\$104,372	\$106,982	\$109,656	\$112,398		

Environmental Improvement and/or Protection Initiatives - eligible to be funded through the proposed annual Environmental Levy

PROJECT / ACTION	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	REFERENCE DOCUMENT	ENVIRONMENTAL FACTORS ADDRESSED
Grand Totals	\$1,976,014	\$2,044,327	\$2,019,507	\$2,016,182	\$2,023,524	\$2,051,550	\$2,080,276	\$2,149,720	\$2,159,901	\$2,170,836		

Glossary

ABS	Australian Bureau of Statistics
ACLG Grouping	The Australian Classification of Local Governments system which classifies councils into 22 categories according to their socioeconomic characteristics and their capacity to deliver a range of services to the community
Asset renewal ratio	Net change in asset value (infrastructure, property, plant and equipment) over previous year divided by depreciation expense
Assumed rate peg	The rate peg for 2011/12 is known. IPART set the rate peg for 2011/12 in December 2010 at 2.8%. The rate peg has not yet been set for future years. IPART has assumed the rate peg will be 3.0% in all future years
Broad liabilities ratio	Total debt plus cost to clear infrastructure backlogs (Special Schedule 7) divided by operating revenue
Business rate	Category of ordinary rate for an area of land that has not been categorised as residential, farmland or mining and at which a complex of "business" activities are carried on in a fairly concentrated manner and with a high degree of congruity and homogeneity
Capital expenditure	Funds spent to acquire or upgrade physical assets such as buildings and machinery
Catch-up	Section 511 of the <i>Local Government Act 1993</i> allows a council to increase rates and charges for the next 2 years where the council did not apply the maximum general increase in the previous year permitted under the Act. Approval of the Minister is not required for a catch-up increase (unless the Council contravenes section 511)

Contribution plan	A plan which authorises the levy that a council may impose on new development to help fund the cost of providing new public infrastructure and services in accordance with section 94A of the <i>Environmental Planning and Assessment Act 1979</i>
CPI	Consumer Price Index
Debt service ratio	Net debt service cost divided by revenue from continuing operations
DLG	Division of Local Government, Department of Premier and Cabinet (NSW)
Farmland rate	Category of ordinary rate for an area of land that has not been categorised as rural residential land and for which the dominant use is for farming
FTE	Full-time equivalent
General income	Income from ordinary rates, special rates and annual charges other than: water supply and sewerage special rates and charges; (domestic) waste management services charges; and annual charges referred to in section 611 of the <i>Local Government Act 1993</i>
Infrastructure backlog	Cumulative value of a council's past annual expenditure requirements for renewing/replacing existing infrastructure that has not been met from its annual capital expenditure
Intergenerational equity	The costs of long lived assets (like infrastructure) being shared between current and future users, based on their share of the use of the asset over its life
IPRF	Integrated Planning and Reporting Framework
LGA	Local Government Area
LGSA	Local Government and Shires Associations of NSW
Minimum rate	Discretionary rate level set by a council (in accordance with section 548 of the <i>Local Government Act 1993</i>) to represent the lowest possible rate (ordinary or special) payable by a ratepayer in an ad valorem rating system where a base amount is not applied
Net debt position	Financial liabilities less financial assets

Net operating position	Total operating revenue less total operating expenditure
Operating balance ratio	Net operating result (excluding capital items) as a percentage of operating revenue (excluding capital items)
Operating expenditure	Expenditure for the normal day to day operation of council services (excluding costs relating to the capital expenditure of assets or repayment of loans)
Operating revenue	Revenue for the normal day to day operation of council services (excluding costs relating to the capital expenditure of assets or repayment of loans)
Ordinary rate	A levy on land that council is required to make each year in accordance with section 494 of the <i>Local Government Act 1993</i> and for which there are 4 categories: farmland, residential, mining and business
Permissible general income	The maximum level of general income that council can generate in the financial year based upon the previous year's notional general income level plus the annual dollar increase permitted by the special variation or rate peg percentage
Productivity	An increase in output (eg, council service) per unit of input (eg, council FTE)
Program of expenditure	Sum of all additional expenditure (eg, for a capital works project) for which council is seeking the special variation
Rate peg	Percentage by which a council may increase their maximum general income in a financial year compared with the previous financial year, when it has not been granted a special variation for a higher percentage increase
Rates and annual charges ratio	Rates and annual charges divided by operating expenses
Residential rate	Category of ordinary rate for an area of land which: the dominant use is for residential accommodation (other than a hotel, motel, guest-house, backpacker hostel or nursing home or for any other form of residential accommodation, not being a boarding house or lodging house); is zoned vacant land for residential purposes; or is rural residential land

Special rate	Levy for works or services provided or proposed to be provided by a council which should benefit the ratepayers who must pay the levy
Special variation	The percentage amount by which a council is granted approval to increase its maximum general income in a single year (under section 508(2) of the <i>Local Government Act 1993</i>) and for 2 to 7 years (under section 508A of the <i>Local Government Act 1993</i>)
Unrestricted current ratio	Unrestricted current assets divided by unrestricted current liabilities