



Exhibition of rate increase options
Responses to key feedback themes

October 2025

Responses to key feedback themes

This document contains responses to key feedback themes in relation to the exhibition of four Ku-ring-gai Council rate increase options between July-September 2025.

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Efficiency and cost containment

Key points made:

- There is a need for a greater focus on efficiency and cost containment, including a perception that Council does not have a sufficient commitment to efficiency and should only examine a rate increase after an efficiency review.
- Council should cut services or costs to fund infrastructure, including going 'back to basics'. Suggested
 areas for reduced expenditure included events, printing, street signs, town centre beautification,
 translation and environmental, community development and sustainability programs and senior staff
 salaries
- Rate increase not justified due to alleged wastage of funds on Councillors offsite workshop expenditure
- Rate increase not justified due to alleged wastage of funds on development legal action
- Don't spend any increased rates on litigation
- Rate increase not justified due to Norman Griffiths cost increase
- Rate increase only justified if Norman Griffiths Oval stays as natural turf
- Use TAFE students to save costs on infrastructure
- Council should have a staff freeze
- Improve the procurement system to save costs
- Council should create multi-use assets as an efficiency measure

Response:

Efficiency measures

Council currently operates efficiently with limited resources. For instance, Council has:

- The second highest ratio of residents to staff (309 residents for each full-time staff member) in Sydney
- An operating expenditure per capita of \$1,215 in 2023.24, which is 16% less than Sydney average of \$1,441
- Between 2017/18 and 2023/24, the 4th lowest average annual increase in operating expenditure out of any Sydney council.

Separately, an independent, high-level review of Council's financial sustainability conducted in 2023 found that Council's low operating expenditure per capita, and low increases in operating expenditure in the past five years, showed that "Council has been on an improvement path and further opportunities for improvement may be limited". In other words, there is a limited scope for further efficiency and cost containment measures. The Financial Sustainability Review report is <u>available here</u>.

Council will continue to explore potential efficiency and cost containment measures, however recent reviews of Council's finances have shown that such measures will not provide the amount needed for infrastructure improvement.

Cost and service reductions

Under the preferred Renew and Enhance Infrastructure scenario, the Special Rate Variation would yield an additional \$22.6 million above rate peg in revenue in 2026/27 and be put towards infrastructure upgrades and renewal to reduce Council's infrastructure backlog.

If this amount was yielded through staff and service reductions, it would be equivalent to around 40% of Council's projected employee costs in 2026/27.

The areas subject to service reductions would inevitably result in the removal of services which are currently rated as important by community members.

In addition, the significant reduction in staffing which would come about through the service reductions would severely inhibit the ability of Council to deliver the infrastructure renewal which is needed, nor attract additional or new staff to undertake this work.

For this reason, it is not proposed to focus on funding infrastructure renewal and upgrades through service reductions.

Other points

Other points to be added in response to community submissions include that:

- Council participates in the NSW Government's Fresh Start for Local Government Apprentices, Trainees and Cadets program. In May 2025, Council was successful in gaining funding, from this program, for 21 trainees and apprentices.
- Council takes a range of steps to reduce unnecessary capital expenditure as part of the procurement process, including competitive tendering to ensure multiple quotes are sought and value for money is achieved.
- Council's Operational Plan Action 3.2.1 is to "maximise the use and efficiency of the existing community property portfolio to facilitate greater public access, including multi-use, in line with Council's Management of Community and Recreation Land and Facilities Policy".
- Offsite planning workshops are important for working through complex policy and operational matters and planning for the future.

Other revenue sources

Key points made:

- Council should find other revenue sources, apart from rates such as encouraging more businesses to move into area, improved park, tree and other fine revenue and sponsorship from corporations
- Council should benefit from selling assets as an alternative to a rate increase
- Council should benefit from better utilising or managing assets as an alternative to a rate increase
- Council should be seeking to increase funds from developers, to mitigate any rate increase
- Income from developer contributions should negate need for a rate increase
- Council should be getting more rates, or income, from owners of new apartments
- Income from rates from new apartments should negate need for a rate increase
- Council should allow more dual occupancy development to increase rates revenue as an alternative to a rate increase
- Increase density and development, including to increase revenue, assist affordability, help families and reduce average age of population
- Council should adopt a user pays principle for more assets, including sporting facilities
- Amount of rates collected should be linked to number of people living in a property
- · Council should fund infrastructure by raising loans
- There is a need for Council to lobby for increased NSW Government subsidies to mitigate the need for a
 rate increase, including to support new development pushed by government and because of cost shifting
- Rate increase should be considered as part of examination of role of all tiers of government, including in relation to housing affordability and intergenerational equity
- There is a need for Council to lobby the Australian Government for subsidies, including for the reason that it is allegedly promoting immigration which is driving population growth and infrastructure demand
- Ratepayers should be provided incentives to pay their rates in advance, to assist Council's cash flow
- High land values should be delivering more revenue for Council
- Make private schools and potentially other exempt entities pay rates
- Ensure inspections for local road and other infrastructure damage are undertaken before 'bonds' are released to builders
- Encourage relationships with community groups which look after local assets and create local activities

Response:

Council received a wide range of suggestions about alternative revenue sources, with many suggestions stating that these sources could negate the need for, or minimise the amount of, a Special Rate Variation. This response addresses the community suggestions listed above.

Council has been actively reviewing fees and charges, and other potential alternative revenue sources, to minimise reliance on ratepayers. This increased revenue has already been factored into Council's Base Case (which does not involve a Special Rate Variation and does not provide sufficient funding to reduce Council's infrastructure backlog).

The issue of asset sales was examined in Council's Financial Sustainability Review, published in February 2023. It noted that the asset sale strategy originally envisaged in 2016 to undertake major projects, was not likely to be implemented at that time (due to a lack of support for the sale of particular assets).

It also raised concerns about asset sales being used as a basis for long-term financial sustainability. As such, further asset sales are not proposed as an alternative to a Special Rate Variation. However, future asset sales to fund major projects remain an option for Council to explore.

In relation to developer contributions, under the NSW Government's local infrastructure contribution framework, contributions collected by Council are limited to additional capital infrastructure that directly responds to the demands of new development.

These contributions cannot be used to maintain or renew existing infrastructure or respond to the infrastructure demands of existing residents. There are other significant limitations on the contribution amount, and the type of infrastructure it can be used to fund. Given these limitations on funding through local infrastructure contributions, it is important that Council continues to consider a Special Rate Variation.

In relation to additional rate revenue from new development, while Council will gain additional rate revenue from new dwellings, it will also face additional costs servicing the needs of residents in these dwellings. In addition, many of these dwellings will be apartments and therefore paying less than Council's current average for residential rates.

Meanwhile, taking out new borrowings to deal with broader financial sustainability and infrastructure provision issues without identified sources of repayment is not considered to be a prudent approach. This is because borrowing would:

- Add financial pressure to Council's budget by increasing repayments without generating new revenue
- Require future generations to pay for services and infrastructure used today
- Not be linked to an individual asset or project; and
- Fail to address the underlying business fundamentals.

Council is also regularly seeking grant opportunities from the NSW and Australian Governments.

In relation to early rates payments, ratepayers are currently able to pay their rates in full at the start of each financial year, or each quarter. The recent introduction of a Payble rates payment solution is expected to streamline handling of rate payments and save administrative time in coming years. This platform will enable customers to manage their payments more effectively through a user-friendly interface, that includes options for easy flexible payment options.

At any rate, any financial advantage from people paying their rates in full is likely to be relatively insignificant, covering the shortfall for rates in arrears and not sufficient to address Council's significant infrastructure backlog.

Meanwhile, due to the system of rate pegging in place in NSW since the late 1970s, Council does not receive any benefit from increased property values.

This is because, under the rate pegging system, the amount of revenue Council can receive from rates is capped each year. This means that even if the value of property in the council area enjoys a very high increase, Council's overall rates revenue increase will be set well below this increase, unless Council applies for a Special Rate Variation. Ku-ring-gai land values have more than tripled (240%) over the past decade, but rates revenue has only increased by 30%.

Council does not have any legislative capacity, at this time, to rate a range of exempt land. Council has raised this issue in a number of submissions to the Independent Pricing and Regulatory Tribunal as part of the review into the rate peg methodology.

In relation to infrastructure bonds, Council undertakes a number of actions to minimise damage to public land caused by private development activities. This includes setting sufficient development bonds to, where necessary, recoup the costs of damage, along with asking for dilapidation reports before and after construction activities, undertaking compliance inspections, regulating the issuing of occupation certificates as they relate to public land and minimising heavy construction vehicles on local roads.

Furthermore, Council already works closely with volunteer organisations, support groups, and residents look after local assets and create local activities and events. Ku-ring-gai Council has developed a Volunteer Hub to connect and strengthen volunteering and already has some of the highest rates of volunteering across NSW.

While Council recognises volunteering as an essential component in meeting community needs, it is also an area that requires additional resources for recruiting, training, and retaining volunteers. For this reason, while volunteering contributes greatly to the strength and wellbeing of our community, it will not, on its own, offset the need for a rate increase.

In conclusion, Council will continue to explore new and strengthened revenue sources, however because of the limitations outlined above, these sources are unlikely to be at the level needed to significantly reduce Council's infrastructure backlog.

Rate increase structure

Key points made:

- Rate increase should be temporary rather than permanent
- There is a need for a rate increase option between 3 and 22%
- Support incremental or tiered rate increases, including on a trial basis
- Government should be asked to revalue land to increase rates
- Rate amount should be linked to income and wealth, not just land value

Response:

A permanent increase is being proposed to address Council's very significant infrastructure backlog, and to ensure assets are appropriately maintained and renewed over time.

Council is not currently proposing a phased, multi-year approach to this increase, so it can commence work as soon as possible to address infrastructure funding issues.

Modelling has been undertaken to assess impacts of different rate options. The SRV proposed options would enable Council to address the backlog for building and drainage within the 20 years, while also providing additional funding for footpaths and recreational facilities. These options also ensures stable, long-term renewal funding so that assets can continue to be maintained as they deteriorate, as well as some other projects.

By comparison, a lower 10% increase would provide significantly less funding. Clearing the backlog in buildings and drainage would take more than 50 years, with little or no funding available for footpaths and recreational facilities. This would leave other asset types at risk of ongoing deterioration, as there would not be sufficient funds to maintain them adequately.

Finally, Council is not able to influence valuations supplied by the NSW Valuer-General, nor to link rates to income or wealth.

St Ives Indoor Sports Centre

Key points made:

- Not appropriate to add St Ives Indoor Sports Centre to Options 2, 3 or 4, as the centre is perceived to not be of sufficient value or should be funded through centre users
- St Ives Indoor Sports Centre should be only funded on basis of a 'user pays' principle
- Not appropriate for ratepayers to fund a "NSW Government asset"
- Need for greater communication and information on St Ives Indoor Sports Centre
- Council should not have embarked on St Ives Indoor Sports Centre without an approved funding source and ratepayer consultation
- Rates should be reduced once St Ives Indoor Sports Centre loan is repaid

Response:

In 2022, Council supported the commencement of construction of the St Ives Indoor Sports Centre, on the basis that the funding would require an increase to rates.

There was engagement on a Special Rate Variation for this purpose between July-September 2025. In the representative survey there was community support for Special Rate Variation options, which included funding for the St Ives Sports Centre construction loan.

In response to specific submissions on the St Ives Indoor Sports Centre, Council updated the Long Term Financial Plan (LTFP) to provide more clarity on the centre's operation and funding arrangements. Council also clarified that once the loan is repaid in 2031/32, the funds will be redirected into renewing and upgrading recreational facilities (sports fields, parks and other open space assets).

This decision reflects the very high levels of community support for increasing funding in this area, with 74% of respondents to Council's 2024 Community Research Report stating they supported paying more rates to improve "parks and sportsgrounds". ¹

¹ See page 49 of Council's Community Research Report 2024, available at https://www.krg.nsw.gov.au/Council/Strategic-plans-finance-reports-and-publications/Performance-reporting/Community-feedback-report

Marian Street Theatre

- Council should fund the Marian St Theatre, including because of its importance for local arts and creativity, business growth and youth development
- Marian St Theatre funding should be available in all rate increase options
- Remove funding for new footpaths and instead use this to fund Marian St Theatre
- Marian St Theatre should be included in a new high-rise development
- Marian St Theatre site should be sold, if not financially viable
- Council engagement material shows a low-rise theatre, however in planning documents a 22m high building is proposed at this site
- Marian St Theatre should be funded by a government grant
- Marian St Theatre should be self-funding
- Marian St Theatre construction cost is too high
- Marian St Theatre will not work as it is not near restaurants and activity
- Marian St Theatre not necessary to re-open, including because of cost, alleged lack of viability and easy access to other nearby alternatives
- Marian St Theatre should be funded outside of Special Rate Variation process, such as by private sources

Response:

At its June 2025 meeting, Council resolved to allocate funding for the Marian Street Theatre within Option 4 (SRV of 30% above rate peg), which was known as the Renew, Enhance and Expand Infrastructure option.

This option was the least preferred in the representative survey, opt-in survey, and through recruited workshops (randomly selected). However, it received strong support in the written submissions with some 327 submissions in favour out of more than 570 submissions received.

Financial management

Key points made:

- Council has sufficient cash reserves, now and in the future, to fund necessary infrastructure
- Council has recently had surpluses and/or high cash liquidity ratios, negating the need for a rate increase
- Needs to be greater transparency as to how infrastructure backlog was allowed to accumulate
- There is a need for greater detail, engagement and information as to how revenue has and will be spent, including on infrastructure.
- Council should be benchmarked against other councils
- Council needs to conduct a full financial review before, or as part of, proposing rate increases
- Council needs to plan for changing demographics and community needs

Response:

Council conducted a Financial Sustainability Review (FSR) in 2023, which recommended it examine a Special Rate Variation. Details about the FSR are included in the LTFP.

The main reason for this Special Rate Variation exploration was to address the expected significant growth in Council's infrastructure backlog, which under a rate peg only revenue option would grow from \$194 million in 2024/25 to \$274 million by 2034/35.

Council's current cash levels are inadequate to address this backlog.

Council's audited 2023/24 financial statements reported that Council held \$212.6 million in cash, cash equivalents and investments, of which:

- \$147.4 million was externally restricted for specific uses, such as developer contributions, domestic
 waste program funding, funding generated by previously approved Special Rate Variations or
 unexpended specific purpose grants.
- \$60.1 million is subject to internal restrictions, mainly for funding for projects carried forward, provisions
 for bonds and deposits, employee leave entitlements, financial assistance grant paid in advance and
 proceeds from asset sales restricted to fund specific projects.

After taking the above into account at the end of the financial year, \$5.1 million in unrestricted and unallocated cash.

This amount is not sufficient to address the very significant and growing backlog.

Any recent operating surpluses have been re-invested into capital work.

Council's recent audited financial statements, Asset Management Strategies and Long Term Financial Plans are all publicly available.

Council's financial statements include responses to agreed financial benchmarks for local councils, in areas such as liquidity, operating results, debt management and infrastructure condition and expenditure.

In addition, on an annual basis, Council supplies information to be included in the Office of Local Government's comparative data returns.

Council will consider feedback on the need for greater communication and engagement in the preparation of plans for these documents in the future.

Cost of living impacts

Key points:

- Affordability / cost of living impacts of rate increase
- The rate increases will particularly impact pensioners
- The rate increases will particularly impact retirees / people on fixed incomes
- The rate increases will particularly impact younger families
- Land rezoning is already forcing up rates
- Rate increases will reduce desirability of Ku-ring-gai as a place to do business
- Rate increase will cause more illegal dumping by financially stressed people
- Need for rates hardship tribunal
- Council's proposed increases are far higher than what is proposed by other councils, and therefore is not
 justified
- Needs to be a review of ratepayer concessions and their fairness alongside the rate increase
- Pensioner rebate should be removed / is not justified

Response:

Council has undertaken a preliminary analysis of the capacity of residential ratepayers to afford all the rate increase options exhibited from July-September 2025.

Indicators in favour of a capacity to pay include the fact the Ku-ring-gai LGA has:

- Among Australia's highest levels of advantage and lowest levels of disadvantage, when using the Australian Bureau of Statistics' Socio-Economic Indexes for Areas (SEIFA) score.
- A lower proportion of vulnerable households, pensioners and people requiring core assistance, compared to Greater Sydney
- A lower percentage of income spent on rates (according to 2021 Census income data) and a higher proportion of full home ownership, compared to Greater Sydney
- An improvement in household savings from 2018/19 to 2023/24, compared to a reduction in savings across Australia during the same period
- At the end of 2024/25, just three ratepayers subject to Council's hardship policy.

Indicators which show capacity to pay limitations include:

- A proportion of households paying mortgages, and overall levels of mortgage stress, which are higher than Greater Sydney
- A lower proportion of working age individuals compared to Sydney
- An average residential rate which, if any of the SV options are implemented in 2026/27, will move from the 8th highest among Sydney metropolitan and metropolitan fringe councils, to either the 3rd or 4th highest. It is noted that average residential rates in Ku-ring-gai reflect larger property lot sizes and revenue for Council overall is reduced by low business rate revenue.
- A percentage of outstanding rates which has increased in each year since 2020/21 and, in 2024/25, sits above the benchmark level of 5%

Overall, it is considered that the indicators in favour of a capacity to pay outweigh the potential limitations. Council will be finalising a capacity to pay report for the December Ordinary Council Meeting.

In addition, Council has a *Rates, Charges and Sundry Debts – Assistance, Concessions and Recovery Policy*, which is available on Council's website.

The Policy states that Council recognises that ratepayers may at times have difficulty paying their rates and charges and outlines the steps and processes Council will consider in these circumstances. As mentioned above, at the end of 2024/25, three ratepayers were taking advantage of this policy.

If Council progress with a proposed SRV, Council will continue to carefully implement this policy. This Policy is currently under review and will be scheduled for Council adoption in the coming months, however only minor changes are expected to be made to the Policy.

Council also provides financial assistance to eligible pensioners by reducing rates, charges, and interest on properties occupied as their principal residence.

This includes a statutory concession of up to \$250, which Council is required to provide under the Local Government Act. Council also provides an additional voluntary concession which makes up 8.5% of total rates and charges. In 2025/26, for the average pensioner, this amount is worth an additional concession of \$146.

In relation to other points made:

- The rate increases will not have any effect on domestic waste management charges (ie: bin fees) and therefore this should not lead to increased dumping.
- Council reviews pensioner concessions on an annual basis as part of the Statement of Revenue Policy in the Delivery Program / Operational Plan.
- In the last three years the rate increases approved by IPART for other Councils ranged from 11.67% to 92.83%

Project management

Key points:

- Concern that Council does not have a sufficiently robust project management or delivery capacity to provide the additional infrastructure
- Norman Griffiths Oval cost increase raises concerns Council is not capable of undertaking increased infrastructure
- Rate increase not justified while Council is considering North Turramurra Recreation Area facility
- Rate increase not justified due to alleged slow pace of Ku-ring-gai aquatic centre upgrade

Response:

Council has the capability to deliver capital works, noting that it has undertaken capital works of some \$350 million over the last ten years. It is acknowledged that the Norman Griffiths Oval project has been distressed, however Council has resolved on a way forward to complete the project and is conducting an independent review to ensure there are learnings for the future. Council will be looking to further strengthen its project delivery framework, concurrently with the introduction of a SRV, including improved governance, monitoring and reporting structures.

If the North Turramurra Recreation Facility grandstand project proceeds, it would be on the basis of it being at no cost to Council.

The aquatic centre upgrade was competed over a decade ago at a cost of \$18.6 million and has provided greatly improved amenity for the community.

Infrastructure selection

Key points:

- Rate increase should be prioritised to "essential infrastructure", including drainage, footpaths and maintenance
- Rate increase should be focussed on "neglected areas"
- Phasing of infrastructure improvements need to be better known, with more transparency around strategic infrastructure planning
- New buildings should be modest in scale
- Too much of a focus on new footpaths, with reasons cited including concrete environmental impact, not used because people drive instead or walk on grass, and tree damage
- Rate increases are needed for better infrastructure and property values
- Footpaths needed for a safe environment
- Over-spending on parks has led to under-investment in footpaths and drains
- Road renewal, including fixing up potholes, should be top priority
- Other infrastructure upgrades not needed
- Traffic calming only needed if residents are pushing for it
- Prioritise funding for existing infrastructure
- Need for greater transparency on infrastructure outcomes in key asset classes, including the "other infrastructure" category
- Infrastructure should only be renewed when at the end of its life
- Infrastructure proposed will not benefit me therefore does not support increase
- Happy with infrastructure, therefore rate increase not required
- By adding new infrastructure, Council is creating a maintenance and depreciation burden for future generations
- Support new cultural facilities, such as Ku-ring-gai Art Centre upgrade, being funded by rate increase
- Support new cultural facilities over sporting facilities
- Greater increase to recycling facilities are needed
- Council should use rate increase for greater biodiversity protection
- Need for more traffic facilities and pedestrian bridge at Lindfield because of development
- Council should use rate increase to 'open up' more greenspace
- Stormwater needed in Turramurra
- Need to stop stormwater impacts on private properties
- Rate increase needed for area's lifestyle, amenity and new residents

Response:

The feedback received reflected the wide variety of community views in relation to infrastructure selection and management.

Ultimately, the representative survey showed a majority of community members supported one of the three Special Rate Variation options as their first preference. These options will deliver additional funding for existing and new infrastructure, and the maintenance of this infrastructure over time.

Road renewal is not proposed to be funded under these options, as there is an existing Special Rate Variation in place to fund road resurfacing and improvements.

This means Council has sufficient funding currently in place to deliver works such as resurfacing and kerb and guttering improvements to reduce the infrastructure backlog for roads renewal over time.

In response to community feedback, it is proposed that greater clarity is provided around the infrastructure to be funded in the "Other Infrastructure" category in exhibited Options 3. The funding in this category will be allocated to traffic management, pedestrian safety and bus stop improvements and the category will be re-named "Traffic and Transport Facilities". An indicative list of projects will be provided to community for

Separately, community members will have the opportunity to write submissions on individual projects through the annual exhibition of the draft Delivery Program and Operational Plan.

Consultation process

Key points made:

- Survey to unfairly skewed to get a certain result
- Rate increase brochure was a waste of money
- Council has failed to adequately consider alternatives to a rate rise
- Council has not made a convincing case for a rate increase
- Allow people to decide on where rates should go rather than packaging into fixed options
- Need a greater sample size before making a decision on the rate increase options
- Insufficient time for questions at in-person forum
- There should have been more in-person events
- Rate increase engagement must be transparent

Response:

The engagement process was implementing a Council resolution from its June 2025 meeting, which endorsed Council seeking feedback on four rate rise options.

The engagement process was extensive, involving 4,515 responses to the opt-in survey, 400 responses to a representative survey, 151 people attending events, 574 submissions lodged, 20,564 YourSay page views and 3,117 document downloads.

There were a wide range of engagement opportunities, including two drop-in sessions, one online session and one in-person forum. In addition, staff were also available to answer questions over the phone, or in writing.

An estimated 60% of community members were aware Council was seeking feedback on the rate increase options.

It is acknowledged that some community members were concerned about the forced ranking question in the optin survey, where all options were required to be ranked from most to least preferred. Some community members clearly did not want to list a certain option as their 'second favourite' option.

However, community members were also able to individually rate all options, including (if they preferred) not supporting all Special Rate Variation options. In addition, the option ranking question is a useful way to understand community preferences.

The brochure was designed to assist community members to understand the rate increase options. Council also received positive feedback about the brochure.

Alternatives to a rate increase option are outlined in the Long Term Financial Plan, and in frequently asked questions, which were available on the YourSay page.

Other

Key point made:

• Council should provide more free services in return for a rate increase, such as free access to tennis courts

Response:

 Council sets fees and charges for Council services as part of the exhibition of its annual budget documents. Free access to services rather than user pays would ultimately mean that more revenue is needed from rates.

Key point made:

• Council needs a sovereign wealth fund

Response:

• Council sets aside internal reserves for key projects and services.

Key point made:

• Assumed 2026/27 rate peg of 3% doesn't make sense against 6.1% rate peg increase this year

Response:

 The assumed 3% rate increase was an estimate and broadly in line with the Office of Local Government guidelines for Special Rate Variations, which recommend that councils assume future rate peg increases of 2.5%. The recently approved rate peg for 2026/27 for Council is 4.4%.

Key point made:

IPART rate pegging process is flawed

Response:

• This is an issue for IPART, however Council made a number of submissions to IPART as part of the review of the rate peg methodology in recent years.