

Attachment 1:

Supporting documents demonstrating Council's compliance with the conditions outlined in the instruments approved from 2011/12 to 2022/23, including extracts from Annual Reports for the financial years 2012/13 to 2022/23

The table below Summaries the Special Variations approved from 2011-12

| Relevant years | Rate Increase Type | Condition met (Y/N) | Comment | Supporting document |
|----------------|---------------------------------------------------|---------------------|----------------------------------------|-----------------------|
| 2011/2012 | *Special rates Variation | Y | | Annual Report 2023/24 |
| 2012/13 | **Special rates Variation | Y | | Annual report 2012/12 |
| 2013/14 | | Y | | Annual report 2013/14 |
| 2014/15 | | Y | | Annual Report 2014/15 |
| 2015/16 | | Y | | Annual Report 2015/16 |
| 2016/17 | | Y | | Annual Report 2016/17 |
| 2017/18 | | Y | Refer to the Annual report for 2023/24 | Annual Report 2023/24 |
| 2018/19 | | Y | Refer to the Annual report for 2023/24 | Annual Report 2023/24 |
| 2019/20 | ***Special rates Variation/Minimum Rates Increase | Y | | Annual Report 2019/20 |
| 2020/21 | | Y | | Annual Report 2020/21 |
| 2021/22 | | Y | | Annual Report 2021/23 |
| 2022/23 | | Y | | Annual Report 2022/23 |
| 2022/23 | ****Additional Special Variation | Y | Refer to the Annual report for 2023/24 | Annual report 2023/24 |

***Condition of the Instrument approved in 2010/11**

North Sydney Council sought the special variation to fund a program of expenditure identified in its community strategic plan, including work such as parks renewals, streetscape maintenance, social planning programs and road works. The program maintains the council's current service and asset maintenance levels.

****Condition of the Instrument approved in 2011/12**

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

IPART's approval of North Sydney Council's application for a special variation over the period from 2012/13 to 2017/18 is subject to the following conditions:

- ▼ That the council uses the additional income from the special variation for the purposes of funding the Proposed Program of Expenditure included in the council's application, and listed in Appendix A. This includes the works and services currently covered by the 5.50% special variation approved in 2011/12.
 - ▼ That the council reports in its annual report for each rating year over the period 2012/13 to 2021/22 on:
 - the proposed program of expenditure 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.
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A North Sydney Council's Proposed Program of Expenditure

The 2 tables below set out North Sydney Council's proposed program of expenditure to be funded with income raised by the special variation. Table A.1 sets out the expenditure which is to be funded through the continuation of the 4 levies. Table A.2 sets out the community strategic plan projects expenditure associated with the 5.50% per annum special variation approved in 2011/12. Both are to be funded by the increases approved in the 2012/13 special variation.

Table A.1 North Sydney Council's Proposed Program of expenditure for 4 Levies (\$)

| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | Sum of 6 years |
|----------------------------------------|---------|---------|---------|---------|---------|-----------|----------------|
| Infrastructure Levy | | | | | | | |
| Maintenance of current services | | | | | | | |
| Drainage | 300,000 | 250,000 | 253,000 | 260,590 | 268,408 | 276,460 | 1,608,458 |
| Marine | 0 | 66,837 | 68,842 | 70,907 | 73,034 | 75,225 | 354,845 |
| Retaining walls | 159,650 | 164,440 | 169,373 | 174,454 | 179,687 | 185,078 | 1,032,682 |
| Roads | 695,771 | 901,819 | 929,067 | 957,630 | 986,895 | 1,016,320 | 5,487,502 |
| Seawalls | 213,940 | 337,000 | 347,110 | 357,523 | 368,249 | 379,296 | 2,003,118 |
| Street Furniture | 38,749 | 0 | 0 | 0 | 0 | 0 | 38,749 |
| Bus Shelters | 77,514 | 80,305 | 82,997 | 86,055 | 89,193 | 92,310 | 508,374 |
| Timber Fences | 240,815 | 98,782 | 102,008 | 105,645 | 109,356 | 112,967 | 769,573 |
| Street Lighting | 62,743 | 64,736 | 66,769 | 69,034 | 71,325 | 73,477 | 408,084 |
| Environment Levy | | | | | | | |
| Maintenance of current services | | | | | | | |
| Bushland regeneration | 0 | 449,000 | 456,000 | 463,000 | 471,000 | 478,000 | 2,317,000 |
| Bushland support | 0 | 339,184 | 338,964 | 362,000 | 368,000 | 375,000 | 1,783,148 |
| Street Trees | 0 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 300,000 |
| Water | 0 | 271,184 | 326,000 | 330,000 | 358,698 | 387,092 | 1,672,974 |
| Energy | 0 | 290,000 | 290,000 | 290,000 | 314,699 | 339,092 | 1,523,791 |
| Community Education | 0 | 330,182 | 334,963 | 375,273 | 385,000 | 395,043 | 1,820,461 |

A North Sydney Council's Proposed Program of Expenditure

| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | Sum of 6 years |
|----------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Crows Nest Mainstreet Levy | | | | | | | |
| Maintenance of current services | | | | | | | |
| Committee Operating Contribution | 0 | 138,915 | 143,082 | 147,661 | 152,239 | 156,349 | 738,246 |
| Revise Strategic Plan | 0 | 0 | 10,000 | 0 | 0 | 0 | 10,000 |
| Enhanced Services | | | | | | | |
| Pacific Highway Upgrade | 0 | 160,000 | 140,000 | 120,000 | 0 | 0 | 420,000 |
| Upgrade Program | 0 | 0 | 0 | 30,000 | 160,000 | 160,000 | 350,000 |
| Neutral Bay Mainstreet Levy | | | | | | | |
| Maintenance of current services | | | | | | | |
| Committee Operating Contribution | 0 | 16,839 | 17,344 | 17,899 | 18,454 | 18,952 | 89,488 |
| Enhanced Services | | | | | | | |
| Grosvenor Lane Plaza Masterplanning | 0 | 40,000 | 40,000 | 40,000 | 30,000 | 30,000 | 180,000 |
| Under-awning lighting | 0 | 40,000 | 40,000 | 40,000 | 50,000 | 50,000 | 220,000 |
| New projects/services | | | | | | | |
| Street tree & building façade lighting | | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 500,000 |
| Sum of total spending | | | | | | | |
| Total | 1,789,182 | 4,199,223 | 4,315,519 | 4,457,671 | 4,614,237 | 4,760,661 | 24,136,493 |

Source: North Sydney Application Part A, Worksheet 7.

Table A.2 North Sydney Council's Proposed Program of expenditure associated with the special variation approved in 2011/12 (\$)

| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | Sum of 6 years |
|----------------------------------------|---------|---------|---------|---------|---------|---------|----------------|
| Maintenance of current services | | | | | | | |
| Aboriginal Heritage Program | 0 | 0 | 0 | 45,916 | 49,145 | 52,903 | 147,964 |
| Asset Management | 0 | 0 | 0 | 100,000 | 100,000 | 100,000 | 300,000 |
| Audit Services | 0 | 0 | 0 | 5,000 | 5,000 | 5,000 | 15,000 |
| Building Infrastructure Maintenance | 0 | 0 | 18,537 | 25,457 | 26,221 | 27,007 | 97,222 |
| Community Events | 8,500 | 48,500 | 88,500 | 92,000 | 244,363 | 248,196 | 730,059 |
| Community Support | 0 | 0 | 0 | 0 | 0 | 100,000 | 100,000 |
| Customer Services | 25,000 | 0 | 5,000 | 5,000 | 5,000 | 5,000 | 45,000 |
| Development Assessment | 0 | 0 | 60,000 | 60,000 | 296,012 | 396,012 | 812,024 |
| Economic Development | 100,000 | 100,000 | 0 | 0 | 0 | 0 | 200,000 |
| Garden Maintenance | 0 | 0 | 0 | 0 | 0 | 165,339 | 165,339 |
| Governance | 0 | 0 | 0 | 0 | 143,942 | 170,604 | 314,546 |
| Information Technology | 18,000 | 0 | 130,000 | 205,000 | 205,000 | 205,000 | 781,000 |
| Mowing | 0 | 0 | 380,000 | 380,000 | 380,000 | 380,000 | 1,520,000 |
| Occupational Health & Safety | 20,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 95,000 |
| Parking Management | 0 | 0 | 0 | 19,200 | 19,200 | 19,200 | 57,600 |
| Parks Maintenance | 75,000 | 100,000 | 100,000 | 328,412 | 363,691 | 374,432 | 1,341,535 |
| Precinct Support | 18,666 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 136,824 |
| Recreation Management | 100,000 | 100,000 | 100,000 | 319,560 | 484,623 | 504,291 | 1,608,474 |
| Risk Management | 0 | 0 | 0 | 5,000 | 15,000 | 5,000 | 25,000 |
| Roads Maintenance | 81,600 | 85,000 | 185,000 | 185,000 | 185,000 | 185,000 | 986,600 |
| Social Planning | 5,000 | 5,000 | 5,500 | 5,500 | 55,500 | 209,193 | 291,193 |
| Sportfield Maintenance | 10,000 | 20,000 | 0 | 0 | 97,685 | 100,954 | 228,639 |
| Street Cleansing | 0 | 0 | 515,143 | 515,143 | 515,143 | 515,143 | 2,060,572 |
| Street Tree Maintenance | 0 | 0 | 90,000 | 172,835 | 173,413 | 174,017 | 610,265 |
| Streetscape Maintenance | 0 | 0 | 20,000 | 0 | 0 | 0 | 20,000 |

A North Sydney Council's Proposed Program of Expenditure

| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | Sum of 6 years |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Subsidies & Donations to | 0 | 0 | 0 | 0 | 0 | 664,267 | 664,267 |
| Community Groups | | | | | | | |
| Traffic Facilities Maintenance | 0 | 0 | 9,000 | 9,000 | 9,000 | 9,000 | 36,000 |
| Tree Maintenance | 0 | 0 | 0 | 271,395 | 271,395 | 271,395 | 814,185 |
| Youth Services | 0 | 0 | 0 | 0 | 226,389 | 235,099 | 461,488 |
| Renewal of Existing Assets | | | | | | | |
| Building Infrastructure | 0 | 350,000 | 273,744 | 253,608 | 260,766 | 268,139 | 1,406,257 |
| Community Centres | 10,000 | 160,000 | 10,000 | 10,000 | 10,000 | 10,000 | 220,000 |
| Cultural Assets | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 35,000 |
| Drainage Infrastructure | 0 | 0 | 123,300 | 169,332 | 174,412 | 179,645 | 646,689 |
| Library Books | 56,233 | 60,536 | 60,536 | 60,536 | 60,536 | 60,536 | 402,413 |
| Parking Infrastructure | 0 | 0 | 16,000 | 16,000 | 16,000 | 16,000 | 64,000 |
| Parks | 480,000 | 370,000 | 63,000 | 84,000 | 158,275 | 160,730 | 1,596,005 |
| Playgrounds | 50,000 | 0 | 0 | 0 | 0 | 0 | 50,000 |
| Pool Infrastructure | 0 | 0 | 190,282 | 22,510 | 23,186 | 350,074 | 586,052 |
| Roads Infrastructure | 0 | 40,000 | 425,097 | 573,599 | 580,608 | 587,825 | 2,207,129 |
| Sportsfield Facilities | 150,000 | 600,000 | 0 | 0 | 0 | 0 | 800,000 |
| Streetscape Infrastructure | 328,000 | 250,000 | 720,420 | 760,420 | 773,844 | 630,859 | 3,528,543 |
| Traffic Facilities Infrastructure | 75,000 | 100,000 | 128,000 | 128,000 | 128,000 | 128,000 | 687,000 |
| Youth Centre Equipment | 0 | 0 | 10,000 | 10,000 | 10,000 | 10,000 | 40,000 |
| Upgrade of existing Assets | | | | | | | |
| Parks | 30,000 | 100,000 | 0 | 0 | 0 | 0 | 200,000 |
| Sportsfield Facilities | 0 | 160,000 | 13,803 | 14,424 | 15,073 | 15,751 | 369,051 |
| Total Expenditure | 1,645,999 | 2,689,036 | 3,780,862 | 4,891,847 | 6,121,422 | 7,579,611 | 27,503,935 |

Source: North Sydney Council, Proposed program of expenditure 2011 SRV 5.50%, emailed to IPART, 8 May 2012.

*****Condition of the Instrument approved in 2018/19**

2. The percentage increase set out in clause 1 above (**Special Variation**) is subject to the following conditions:

- a) The Council uses the Additional Income for the purposes of funding the proposed program of expenditure (**Proposed Program**) set out in Appendix B of the Report.

"Additional Income" means:

- i) the additional general income raised in accordance with clause 1 above, less
- ii) the additional general income that would otherwise be available to the Council under section 506 of the Act.

"Report" means IPART's report entitled "Special variation increase and minimum rate increase North Sydney Council 2019-20" dated May 2019 on IPART's determination under section 508A of the Act.

b) The Council report, in its annual report for each Year from Year 2019-20 to Year 2022-23, on the following for those years:

- i) the program of expenditure that was actually funded by the Additional Income;
- ii) any significant differences between the Proposed Program and the program of expenditure that was actually funded by the Additional Income and the reasons for those differences;
- iii) the outcomes achieved as a result of the Additional Income;
- iv) the Council's actual revenues, expenses and operating balance against the projected revenues, expenses and operating balance as outlined in the Long Term Financial Plan;
- v) any significant differences between the Council's actual revenues, expenses and operating balance and the projected revenues, expenses and operating balance as outlined in the Long Term Financial Plan and the reasons for those differences; and
- vi) all minimum amounts that applied during any part of the Year, specified by the Council under section 548 of the Act.

"Long Term Financial Plan" means the long term financial plan for the period from Year 2019-20 to Year 2028-29 summarised in Appendix C of the Report.

B Expenditures to be funded from the Special Variation above the rate peg

Table B.1 and Table B.2 show the Council's proposed expenditure of the SV funds over the next 10 years under its application.

The Council intended to use the additional SV revenue above the rate peg of \$100.0 million over 10 years to fund:

- ▼ \$8.3 million on operating expenditure to maintain existing services relating to graffiti removal, street cleaning, tree planning and various other council services.
- ▼ \$91.8 million on capital expenditure.⁹⁶

Under our approved SV, the Council will receive additional revenue above the rate peg of \$64.1 million over 10 years (see Table 1.2).

As a condition of IPART's approval, the Council will indicate in its Annual Reports how its actual expenditure compares with its program of expenditure under the approved SV.

⁹⁶ Email to IPART, North Sydney Council, 28 February 2019; and North Sydney Council, *Application Part A*, Updated Worksheet 6.

Table B.1 North Sydney Council – Income and proposed expenditure over 10 years related to the proposed SV (2019-20 to 2028-29) (\$'000)

| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | Total |
|----------------------------------------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| SV income above assumed rate peg | 1,959 | 4,190 | 6,630 | 9,294 | 12,200 | 12,505 | 12,818 | 13,138 | 13,467 | 13,803 | 100,005 |
| Graffiti removal | - | 68 | 70 | 72 | 74 | 76 | 78 | 81 | 83 | 86 | 688 |
| Grass verge mowing | - | 90 | 92 | 95 | 98 | 101 | 104 | 107 | 110 | 113 | 910 |
| Street cleaning | - | 120 | 123 | 127 | 130 | 134 | 134 | 143 | 147 | 151 | 1,210 |
| Precinct support and economic development | - | 130 | 133 | 137 | 141 | 146 | 150 | 154 | 159 | 164 | 1,315 |
| Events | - | 130 | 90 | 137 | 142 | 146 | 150 | 155 | 159 | 164 | 1,274 |
| Tree planting | - | 60 | 62 | 63 | 65 | 67 | 69 | 71 | 73 | 76 | 607 |
| Subsidies to community groups | - | 64 | 22 | 66 | 68 | 70 | 72 | 74 | 77 | 79 | 592 |
| Maintain library and customer service centre | - | 88 | - | 93 | 96 | 99 | 102 | 105 | 108 | 111 | 800 |
| Sydney Coastal Councils contribution | - | 36 | - | 38 | 39 | 40 | 41 | 42 | 44 | 45 | 325 |
| Aboriginal Heritage Office contribution | - | 40 | - | 64 | 66 | 68 | 70 | 72 | 75 | 77 | 534 |
| Capital expenditure ^a | 1,959 | 3,364 | 6,038 | 8,402 | 11,280 | 11,558 | 11,847 | 12,134 | 12,432 | 12,738 | 91,751 |
| Total expenditure | 1,959 | 4,190 | 6,630 | 9,294 | 12,200 | 15,505 | 12,818 | 13,138 | 13,467 | 13,803 | 100,005 |

^a The Council's proposed 10-year capital expenditure program is detailed in Table B.2 on the following page.
Note: Numbers may not add due to rounding. Total SV expenditure equals funding for increased operating expenditures plus funding for capital expenditure.
Source: Email to IPART, North Sydney Council, 28 February 2019; and North Sydney Council, *Application Part A*, Updated Worksheet 6.

Table B.2 North Sydney Council – Proposed 10-year capital expenditure program related to the proposed SV (2019-20 to 2028-29) (\$'000)

| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | Total |
|-----------------------------------------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Renewals | | | | | | | | | | | |
| Streetscape upgrades | 1,000 | 1,000 | 2,000 | - | - | - | - | - | - | - | 4,000 |
| Parks and reserves master plan implementation | - | 1,200 | 1,200 | 2,200 | 2,200 | 1,000 | 1,000 | 700 | 1,200 | 1,200 | 11,900 |
| Parks and playground | 200 | - | 300 | 200 | - | 400 | 350 | 1,050 | 800 | 1,000 | 4,300 |
| Walking tracks | - | 90 | 90 | 120 | 180 | - | - | - | - | - | 480 |
| Sports field | - | - | 300 | 450 | 300 | 350 | 550 | - | - | - | 1,950 |
| Public amenities | - | - | - | - | 350 | 350 | 400 | 400 | 400 | 400 | 2,300 |
| Roads and footpaths | 75 | - | 449 | 1,570 | 2,050 | 3,000 | 3,000 | 3,400 | 3,400 | 3,500 | 20,444 |
| Stormwater drainage and gross pollutant traps | 120 | 14 | 447 | 2,640 | 3,400 | 3,400 | 3,400 | 3,400 | 3,400 | 3,400 | 23,621 |
| Seawalls and marine structures | 455 | 604 | 835 | 824 | 1,485 | 1,658 | 1,747 | 1,784 | 1,832 | 1,838 | 13,061 |
| Retaining walls | 109 | 220 | 121 | 40 | 940 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 6,430 |
| Streetscape lighting | - | 236 | 296 | 358 | 375 | 400 | 400 | 400 | 400 | 400 | 3,265 |
| Total Asset Renewal | 1,959 | 3,364 | 6,038 | 8,402 | 11,280 | 11,558 | 11,847 | 12,134 | 12,432 | 12,738 | 91,751 |
| Total Capital Expenditure | 1,959 | 3,364 | 6,038 | 8,402 | 11,280 | 11,558 | 11,847 | 12,134 | 12,432 | 12,738 | 91,751 |

Note: Numbers may not add due to rounding.
Source: Email to IPART, North Sydney Council, 28 February 2019; and North Sydney Council, *Application Part A*, Updated Worksheet 6.

******Condition of the Instrument approved in 2021/22**

2. The percentage increase set out in clause 1 is subject to the following condition:
 - a. The Council report, in its annual report for the Year 2022-23, on the following for that Year:
 - i. the Council's actual revenues, expenses and operating results against the projected revenues, expenses and operating results specified in its Application;
 - ii. any significant differences between the Council's actual revenues, expenses and operating results and the projected revenues, expenses and operating results specified in its Application and the reasons for those differences; and
 - iii. the Additional Income raised by this additional special variation.

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4.4 Special Rates and Levies

Council previously successfully applied in to the Independent Pricing and Regulatory Tribunal for a special variation to its general income.

The following tables give an overview of the total income and expenditure from the special rate variation in 2011/12:

**Special Rate Variation Application
Income and Expenditure - 2011/12 (Year 1)**

| | | Budget | Actual | Variance |
|-----------------------------------------|---------------------------------------------------|----------------|----------------|-----------|
| Income | | <u>795,158</u> | <u>795,234</u> | <u>76</u> |
| Total Income | | 795,158 | 795,234 | 76 |
| Expenditure | | | | |
| <u>Maintenance of Current Services:</u> | | | | |
| Information Technology | Digitilising of Building Records (1920's to 1988) | 18,000 | 0 | 18,000 |
| Precinct Support | Precinct Co-ordination | 18,158 | 18,158 | 0 |
| Road & Footpath Maintenance | Footpath Maintenance | 80,000 | 80,000 | 0 |
| Social Planning | Community Workshops | 2,000 | 2,000 | 0 |
| Social Planning | Projects in Schools | 3,500 | 3,044 | 456 |
| <u>Renewal of Existing Assets:</u> | | | | |
| Community Centres | Children's Playground Equipment Replacement | 5,000 | 5,000 | 0 |
| Community Centres | Community Centres Furniture Replacement | 5,000 | 5,000 | 0 |
| Cultural Assets | Art Purchases | 5,000 | 5,000 | 0 |
| Library Books | Reader Services | 43,500 | 43,500 | 0 |
| Parks | Cremonne Point Reserve Playground | 80,000 | 0 | 80,000 |
| Parks | Lavender Bay Parklands Foreshore Lighting | 200,000 | 52,831 | 147,169 |
| Sportsfield Facilities | Bon Andrews Oval Pavilion Upgrade Design | 50,000 | 26,938 | 23,062 |

| | | Budget | Actual | Variance |
|------------------------------------|----------------------------------------------------------------------------------|----------------|----------------|----------------|
| Expenditure | Project | | | |
| Streetscape Infrastructure | Military Road Footpath Repaving | 65,000 | 0 | 65,000 |
| <u>Upgrade of Existing Assets:</u> | | | | |
| Parks | Tunks Park Dinghy Storage & Dedicated Water Access Point for Non-motorised Craft | 70,000 | 50,687 | 19,313 |
| Sportsfield Facilities | Sports Ground Ancillary Facilities | 150,000 | 150,000 | 0 |
| Total Expenditure | | 795,158 | 442,158 | 353,000 |

\$353,000 has been carried over to 2012/13 to fund projects incomplete as at 30 June 2012.

During the year the following productivity savings were achieved:

Productivity improvements undertaken in 2011 were as follows:

| Description of Activity | Productivity Gains |
|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Digitisation of Council's business papers and the use of smart technology | Opportunities derived from the move away from "hard copy" to "soft copy" information for the elected members of Council and senior management. |
| Internal audit program for 2011/12 | Various internal audits carried out led to improvements in controls covering capital project management, fraud prevention, asset identification, contract management and banking transactions. |
| Call Centre message service | Improvements in productivity (ie response times) as a result of the increased use of internal voice mail versus email messaging. |
| Cash collection contract services | Opportunities derived from the review of "cash collection" services in conjunction with the replacement of Councils parking meter infrastructure. |
| Review of transactional banking services | Reviewed current cost structures against the market and identified non performing services taking effect from 2012/13. |

| Description of Activity | Productivity Gains |
|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Review of Aerial Mapping services | Opportunities derived from a new service provider that has increased the frequency of "fly-overs", reduced the update time from 5 days to 1 day and a significant reduction in service costs. |
| Upgrade of PC fleet across the organisation | Opportunities derived from upgrading hardware in one large transaction such as savings in procurement time and capital costs, and significantly improved response times. |
| Upgrade of the organisations communications network and disaster recovery site | Increase in response times and improvements to system redundancy. |
| Upgrade of the organisations print-management solution ie MFDs and secure printing | Opportunities derived from developing a secure print-management solution such as reduced running costs eg power and significant reduction in the number of physical devices. |
| Review contracts for fixed and mobile call charges for 2 years | Continued savings in direct charges and internal administration. |
| Implementation of Smart devices across Council | Opportunities identified for improved field staff communications, data transfer and information sharing. |
| Expansion of wireless networks across Council sites | Opportunities to improve connectivity, performance and reduce costs. |
| Claims management review | A dedicated "in-house" claims management service has led to reductions in the average number of outstanding claims from 30 to 6. |
| Review of Procurement Policy | Implementation of the procurement policy, manual and Procurement Panel Charter; provision of training to MANEX and business units has led to further enhancements in the efficiency of purchasing with probity. |
| ID Photo Management Review | In-house production of IDs using standard templates has led to a more accurate outcome in less time. |
| Continued development of HR Standard Operating Guidelines (SOGs) | Opportunities for more efficient access to "actions to be taken" when undertaking tasks. |

| Description of Activity | Productivity Gains |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Review of Legal Services | Audit of the provision of external and internal legal services through the organisation. Greater use of in-house lawyer throughout the organisation. Review of legal budget and reduction by \$200,000. |
| Review of Community Transport | The Review was completed in March 2011 and its recommendations implemented in 2011/12. Outcomes include a targeted personal service (door-to-door) for the frail aged, the ill, and those otherwise transport disadvantaged, as well as a wider coverage of service across the LGA. No additional costs have been borne by Council for this service. |
| Reader services | New technologies have been introduced without additional staff resources, resulting in an increase in 2011/12 of public use of databases (42%) and self-checked items for loan (12.6% of total loans). |
| On-street Parking Management | New On-Street Parking Management utilises new technologies, such as Licence Plate Recognition and In-ground sensors, to manage traffic and parking improving productivity, increasing the reliability of traffic data which improves parking opportunities for residents, businesses, and other road users in the LGA. |
| Fence Renewal Program | A new program of recycling about 20% of the old timber fences and using these restored elements for fence repairs, has given savings of about 15% on the cost of timber fence repairs undertaken by Council's fence repair crews. |
| Graffiti Removal | The cost of removing graffiti was reduced from \$9,481 to \$6,800 (excl GST) per month. This represents a cost reduction of 28%. There was a small increase in the number of private properties managed for the new contractor. The number of removal jobs is about 200 per month. The current contractor has also performed better in the quality of the work and in the response time. Overall there has been an improvement in productivity of around 30% and the response time and quality has improved. |
| Sport and Recreation Needs Study | Sport and Recreational Needs Study completed in 2011. The study identified a number of sporting and recreational infrastructure projects that are being implemented over a number of financial years. |

| Description of Activity | Productivity Gains |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Food shop Inspections | New staff training and inspection requirements introduced by NSW Health. All food premises inspected as per their risk category. All food premises appointed an accredited Food Safety Supervisor (FFS) implementation period September 2010 to September 2011. Council recorded certificate details of each FFS. |
| Review of Function Centre operation | A review of the North Sydney Oval Function Centre operation conducted to determine the future viability of the Centre and service delivery mode. Mollie Dive Function Centre Business Plan revised in 2012. Marketing strategies to promote the function centre have been updated and implemented. |
| Planning Advisory Service | Enhanced Service provision/community education with regard to Planning Legislation "mum and dad" developers, staff, Councillors and Precincts. Greater productivity improvements and reduced turnaround times of applications for customers. |

4.4.1 Environment Levy

Environment Levy funds are used to implement Council's Bushland and Fauna Rehabilitation Plans, Street Tree Strategy, Water Management Plan and Greenhouse Action Plan. All rateable properties within the Council area are charged the Environment Levy.

The following tables give an overview of the work fully or partially funded by the levy in 2011/12:

| | Amount (\$) |
|----------------------------------------------|-------------|
| Actual net income | 1,813,000 |
| Amount carried over from 2011 financial year | 531,000 |
| Expenditure | 1,575,000 |
| Balance carried over | 769,000 |

| Project | Amount (\$) |
|------------------------------|-------------|
| Bushland projects | 724,000 |
| Greenhouse Action Plan | 295,000 |
| Sustainability Strategy | 162,000 |
| Water Management Action Plan | 144,000 |

4.4.2 Crows Nest Mainstreet and Neutral Bay Mainstreet Levies

| | Amount (\$) |
|----------------------------------------------|-------------|
| Actual net income | 496,000 |
| Amount carried over from 2011 financial year | 269,000 |
| Expenditure | 217,000 |
| Balance carried over | 548,000 |

| Project | Amount (\$) |
|-------------------|-------------|
| Streetscape works | 217,000 |

4.4.3 Infrastructure Levy

The Infrastructure Levy program was formulated to address backlogs in maintenance of Council infrastructure. All rateable properties within the Council area are charged the Infrastructure Levy.

The following table provides details on the total income received, expenditure per project and outcomes achieved in 2011/12:

| | (\$) |
|--------------|-----------|
| Income: | 1,621,671 |
| Expenditure: | 1,730,314 |

| Project | Expenditure (\$) |
|----------------------------------------------------------|------------------|
| Road Maintenance | 163,497 |
| Road Renewal | 250,000 |
| Road Furniture Maintenance - Bus Shelters | 30,046 |
| Road Furniture Maintenance - Timber Fences | 111,995 |
| Ennis Road Safety Fence Renewal | 20,558 |
| Weringa Avenue and Stratford Street Safety Fence Renewal | 145,307 |
| Stormwater Drainage Pipe Repair | 49,018 |
| Stormwater Drainage Pipe Replacement | 90,867 |
| Stormwater Drainage Video Inspection Program | 38,353 |
| Stormwater Drainage - Yeo Street and Rangers Road | 12,542 |
| Stormwater Drainage - Christie Street | 60,000 |
| Blues Point Seawall Renewal | 74,589 |
| Kesterton Park Seawall Renewal | 438,629 |

| Project | Expenditure (\$) |
|----------------------------------------------------|-------------------------|
| Wandakiah Wharf | 31,500 |
| Lavender Bay Jetty | 38,450 |
| Lavender Bay Boardwalk | 3,915 |
| Lighting Renewal | 28,612 |
| Iredale Avenue Retaining Wall | 8,160 |
| Milson Road Rock Face Stabilisation | 129,476 |
| Whatmore and Tunks Streets Retaining Walls Renewal | 4,800 |

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4.4 Special Rates and Levies

Council previously successfully applied in to the Independent Pricing and Regulatory Tribunal for a special variation to its general income.

The following tables give an overview of the total income and expenditure from the special rate variation in 2012/13:

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HT ID: 5720069
Version Date: 21/11/2013

North Sydney Council Annual Report 2012/13

Special Rate Variation Expenditure - 2011/12 and 2012/13 (Years 1 and 2)

| Project | Budget (\$) | Actual (\$) | Variance (\$) |
|-----------------------------------------|-------------|-------------|---------------|
| <u>Maintenance of Current Services:</u> | | | |
| Information Technology | 36,000 | 0 | 36,000 |
| Customer Services | 25,000 | 0 | 25,000 |
| Worker Health & Safety | 20,000 | 12,171 | 7,829 |
| Precinct Support | 36,824 | 29,684 | 7,140 |
| Community Events | 7,000 | 6,899 | 101 |
| Community Events | 1,500 | 655 | 845 |
| Economic Development | 100,000 | 8,450 | 91,550 |
| Recreation Management | 100,000 | 0 | 100,000 |
| Road and Footpath Maintenance | 161,600 | 161,600 | 0 |
| Social Planning | 4,000 | 4,000 | 0 |
| Social Planning | 6,500 | 4,894 | 1,606 |
| Sportsfield Maintenance | 10,000 | 8,977 | 1,023 |
| <u>Renewal of Existing Assets:</u> | | | |
| Community Centres | 10,000 | 10,000 | 0 |
| Community Centres | 10,000 | 10,000 | 0 |
| Cultural Assets | 10,000 | 10,000 | 0 |
| Library Books | 99,733 | 99,733 | 0 |
| Playgrounds | 50,000 | 936 | 49,064 |
| Parks | 75,000 | 2,645 | 72,355 |
| Parks | 80,000 | 80,000 | 0 |
| Parks | 30,000 | 19,300 | 10,700 |

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ID: 5720069

| | Project | Budget (\$) | Actual (\$) | Variance (\$) |
|-----------------------------------|------------------------------------------------------------------------------------|------------------------|------------------------|--------------------------|
| Parks | Lavender Bay Parklands (Quibaree Park) amenities block | 300,000 | 20,989 | 279,011 |
| Parks | Lavender Bay Parklands foreshore lighting | 200,000 | 183,653 | 16,347 |
| Parks | Lavender Bay Parklands Masterplan implementation | 150,000 | 150,000 | 0 |
| Sportsfield Facilities | Bon Andrews Oval Pavilion upgrade design | 50,000 | 26,938 | 23,062 |
| Sportsfield Facilities | North Sydney Oval corporate spectator facilities improvements | 150,000 | 29,812 | 120,188 |
| Streetscape Infrastructure | Crows Nest wayfinding and signage | 10,000 | 0 | 10,000 |
| Streetscape Infrastructure | Military Road footpath repaving | 65,000 | 65,000 | 0 |
| Streetscape Infrastructure | Neutral Bay streetscape works | 90,000 | 90,000 | 0 |
| Streetscape Infrastructure | Olympic Drive and Olympic Park | 128,000 | 128,000 | 0 |
| Traffic Facilities | Edward Street at Bay Road threshold | 38,000 | 37,965 | 35 |
| Traffic Facilities | Union Street blisters | 37,000 | 35,666 | 1,334 |
| Upgrade of Existing Assets | | | | |
| Parks | Tunks Park dinghy storage and dedicated water access point for non-motorised craft | 70,000 | 46,164 | 23,836 |
| Sportsfield Facilities | Sportsfield ancillary facilities | 150,000 | 150,000 | 0 |
| Total | | 2,311,157 | 1,434,131 | 877,026 |

\$877,026 has been carried over to 2013/14 to fund projects incomplete as at 30 June 2012.

During the year the following productivity savings were achieved:

Productivity improvements undertaken in 2012 were as follows:

| Description of Activity | Productivity Gains |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Graffiti removal | The cost of removing graffiti has remained at \$6,800 (excl GST) per month in 2012/2013. The number of jobs completed has remained static at 2,231 compared with 2,258 in the previous year. The contractor's performance in response time, quality, environment, and WHS has again been highly commendable with no liquidated damages for the year. The number of private property agreements has increased by 6% during the year to 1,086. The significant productivity gains of 2011/2012 have not been repeated, but the overall performance in 2012/2013 has been sustained. |
| Establishment of Small Business Advisory Service | The Small Business Advisory Service seeks to make it easier for businesses to navigate set-up requirements without delay. Council's Planning Advisors are available to meet with potential/existing small business proprietors and guide them through a range of legislative requirements such as land use planning, change of use, signage and trade waste. |
| Precinct Support | Phase 1 of the Precinct System Review completed. Recommendations presented to Council in September 2013. Council resolved to discontinue review. |

4.4.1 Environment Levy

Environment Levy funds are used to implement Council's Bushland and Fauna Rehabilitation Plans, Street Tree Strategy, Water Management Plan and Greenhouse Action Plan. All rateable properties within the Council area are charged the Environment Levy.

The following tables give an overview of the work fully or partially funded by the levy in 2012/13:

| Environment Levy | Amount (\$) |
|----------------------------------------------|-------------|
| Actual net income | 1,819,187 |
| Amount carried over from 2011 financial year | 768,852 |
| Expenditure | 1,839,163 |
| Balance carried over | 748,876 |

| Project | Amount (\$) |
|------------------------------|-------------|
| Bushland projects | 703,000 |
| Greenhouse Action Plan | 288,000 |
| Sustainability Strategy | 167,000 |
| Water Management Action Plan | 94,000 |

4.4.2 Crows Nest Mainstreet and Neutral Bay Mainstreet Levies

| Mainstreet Levies | Amount (\$) |
|----------------------------------------------|-------------|
| Actual net income | 500,000 |
| Amount carried over from 2011 financial year | 547,000 |
| Expenditure | 909,000 |
| Balance carried over | 138,000 |

| Project | Amount (\$) |
|-------------------|-------------|
| Streetscape works | 909,000 |

4.4.3 Infrastructure Levy

The Infrastructure Levy program was formulated to address backlogs in maintenance of Council infrastructure. All rateable properties within the Council area are charged the Infrastructure Levy.

The following table provides details on the total income received, expenditure per project and outcomes achieved in 2012/13:

| Infrastructure Levy | (\$) |
|----------------------------|-------------|
| Income: | 1,627,360 |
| Expenditure: | 1,627,360 |

| Project | Expenditure (\$) |
|----------------------------|-------------------------|
| Road maintenance | 264,080 |
| Road renewal | 500,000 |
| Road furniture maintenance | 157,454 |
| Road furniture renewal | 178,227 |
| Drainage renewal | 310,458 |
| Lighting maintenance | 80,236 |
| Retaining walls renewal | 136,905 |

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Special Rates and Levies

Council previously successfully applied in to the Independent Pricing and Regulatory Tribunal for a special variation to its general income. The increase granted was 5.5% (inclusive of the rate peg) per annum until 2017/18. In 2013/14, the special variation generated approximately \$690,000 of additional revenue above that which would have been the case had only the rate peg been applied. This revenue made a significant contribution to the upgrade of the amenities block at Anderson Park and lighting at Bon Andrews Oval, refurbishment of the Crows Nest Centre and Council Chambers building and various traffic facilities projects.

Council's revenue from rates also includes an Environment Levy, Infrastructure Levy, Crows Nest Mainstreet Levy and a Neutral Bay Mainstreet Levy.

During the year the following productivity savings were achieved:

Productivity improvements undertaken in 2013/14 were as follows:

| Description of Activity | Productivity Gains |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Work Health and Safety | Enhanced WHS training and proactive reporting of near miss incidents led to fewer injuries, less lost time, improved morale and improved productivity. Excellent claims management by Council and Council's insurer led to a \$500,000 discount off the industry premium |
| Parks management | Synthetic Surfaces Feasibility Study update and the North Sydney Oval Business Plan and Economic Impact Study commissioned. The feasibility study is to provide strategic direction for the future provision and management of synthetic sports surfaces in North Sydney. The North Sydney Oval Business Plan and Economic Impact Study will address the business activities of Council's North Sydney Oval functions |
| Community events | Draft Events Strategy prepared and placed on public exhibition. New events function approved within the Communications Department to centralise event management. New section to commence from 2014/15 |
| Reader Services | In 2013/14 Council's Library consolidated its patron self check service with 114,000 items checked out by patrons without the need for staff assistance and increased database usage by 26,000 searches thus relying less on the less efficient hard copy searches in the hard copy collection |
| Urban Design Panel | The Panel meets on a monthly basis to provide Council with urban design advice on significant development proposals both prior to lodgement as development applications as well as when applications are submitted. The Panel members are selected for their qualifications and experience in Urban Design Planning Architecture or related discipline and are thus highly regarded within the industry. |

| Description of Activity | Productivity Gains |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>Applicants and their architects generally accept their comments and advice and the resulting improvement in development outcomes which also leads to a better product. The early input of the Panel has resulted in efficiency in the development application process by reducing the issues that need to be addressed once an application is submitted.</p> <p>The Panels role has been expanded to provide feedback on strategic studies. This assists in the development of policies that produce realistic and appropriate outcomes with excellent urban design and public domain outcomes.</p> |
| Information Service Delivery | Reduction in costs (\$19,200 per annum) associated with Voice and Data Communications to support all business sites |
| Community Centre Plans of Management review | Plans of Management reviewed annually in consultation with the Centre's Board. Plans provide basis for ongoing management of centres |

Environment Levy

Environment Levy funds are used to implement Council's Bushland and Fauna Rehabilitation Plans, Street Tree Strategy, Water Management Plan and Greenhouse Action Plan. All rateable properties within the Council area are charged the Environment Levy.

The following tables give an overview of the work fully or partially funded by the levy in 2013/14:

| Environment Levy | Amount (\$) |
|------------------------------|-------------|
| Actual net income | 1,820,350 |
| Unspent at beginning of year | 748,876 |
| Expenditure | -1,921,154 |
| Unspent at end of year | 648,072 |

| Project | Amount (\$) |
|------------------------------------------------|-------------|
| Bushland projects | 759,777 |
| Purchase of GreenPower | 102,440 |
| Greenhouse Action Plan | 274,142 |
| North Sydney Olympic Pool cogeneration project | 203,418 |
| Street Tree Strategy | 102,007 |
| Sustainability Strategy | 184,133 |
| Water Management Action Plan | 111,784 |

Crows Nest Mainstreet and Neutral Bay Mainstreet Levies

The Crows Nest and Neutral Bay Mainstreet Levies were implemented to raise funds for streetscape works within the Crows Nest and Neutral Bay business areas. Only applicable properties within those business areas are charged these levies.

The following table provides details on the total income received and projects funded by the levies in 2013/14:

| Mainstreet Levies | Amount (\$) |
|------------------------------|-------------|
| Actual net income | 494,999 |
| Unspent at beginning of year | 137,824 |
| Expenditure | -512,399 |
| Unspent at end of year | 120,424 |

| Project | Amount (\$) |
|-------------------|-------------|
| Streetscape works | 344,590 |

Infrastructure Levy

The Infrastructure Levy was implemented to raise more funds for the maintenance and renewal of Council's infrastructure assets. All rateable properties within the Council area are charged the Infrastructure Levy.

The following table provides details on the total income received and projects funded by the levy in 2013/14:

| Infrastructure Levy | (\$) |
|------------------------------|------------|
| Income: | 1,630,904 |
| Unspent at beginning of year | 0 |
| Expenditure: | -1,594,301 |
| Unspent at end of year | 36,603 |

| Project | Expenditure (\$) |
|-----------------------------|------------------|
| Road renewal | 870,000 |
| Road furniture maintenance | 25,566 |
| Road furniture renewal | 62,612 |
| Drainage maintenance | 15,000 |
| Lighting maintenance | 44,795 |
| Retaining walls renewal | 314,211 |
| Sea Walls renewal | 23,780 |
| Wharves and jetties renewal | 238,337 |

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Special Rates and Levies

Council previously successfully applied in to the Independent Pricing and Regulatory Tribunal for a special variation to its general income. The increase granted was 5.5% (inclusive of the rate peg) per annum until 2017/18. In 2014/15, the special variation generated approximately \$1.1m of additional revenue above that which would have been the case had only the rate peg been applied. This revenue made a significant contribution to the pool of funds available for the renewal of our infrastructure.

Council's revenue from rates also includes an Environment Levy, Infrastructure Levy, Crows Nest Mainstreet Levy and a Neutral Bay Mainstreet Levy.

During the year the following productivity savings were achieved:

| Description of Activity | Productivity Gains |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Street and gutter cleaning | A review was undertaken of the Street Cleaning Service and in particular the relative frequency that the different crews take to clean the roads and footpaths in the residential areas. Street cleaning is now undergoing a process to install GPS tracking in each of the street cleaning vehicles. This will enable management to track the length of time it takes crews to complete cleaning runs and to better manage inconsistencies between cleaning crews. |
| Street tree management | The eighteen month maintenance cycle has been reduced by two months. |
| Organisational management | Council reviewed its organisational structure and made a number of significant changes to the organisation during 2014/15. The restructure resulted in a loss of no employees, with six new positions created. The structure will provide a more efficient and responsive organisation. |
| Project management | Council has commenced a review of its Project Management Framework to enable a consistent approach that maximises the likelihood of projects being delivered on time, to cost and to the intended scope. |
| Insurance | Reduction in premiums due to good claims and fund performance. Scored 100% in the Statewide Mutual public liability audit, maximising any fund rebate that might be forthcoming. |

Environment Levy

Environment Levy funds are used to implement Council's Bushland and Fauna Rehabilitation Plans, Street Tree Strategy, Water Management Plan and Greenhouse Action Plan. All rateable properties within the Council area are charged the Environment Levy.

The following tables give an overview of the work fully or partially funded by the levy in 2014/15:

| Environment Levy | Amount (\$) |
|------------------------------|--------------------|
| Income: | 1,819,808 |
| Unspent at beginning of year | 648,072 |
| Expenditure: | 1,732,864 |
| Unspent at end of year | 735,016 |
| Key Project | Amount (\$) |
| Bushland regeneration | 838,000 |
| Greenhouse Action Plan | 311,000 |
| Water Management Action Plan | 102,000 |

Crows Nest Mainstreet and Neutral Bay Mainstreet Levies

The Crows Nest and Neutral Bay Mainstreet Levies were implemented to raise funds for streetscape works within the Crows Nest and Neutral Bay business areas. Only applicable properties within those business areas are charged these levies.

The following table provides details on the total income received and projects funded by the levies in 2014/15:

| Mainstreet Levies | Amount (\$) |
|------------------------------------|--------------------|
| Income: | 501,369 |
| Unspent at beginning of year | 120,424 |
| Expenditure: | 507,593 |
| Unspent at end of year | 114,200 |
| Key Project | Amount (\$) |
| Grosvenor Lane Shared Zone Upgrade | 275,000 |
| Burlington Street Upgrade | 49,000 |

Infrastructure Levy

The Infrastructure Levy was implemented to raise more funds for the maintenance and renewal of Council's infrastructure assets. All rateable properties within the Council area are charged the Infrastructure Levy.

The following table provides details on the total income received and projects funded by the levy in 2014/15:

| Infrastructure Levy | (\$) |
|-------------------------------|-------------------------|
| Income: | 1,630,126 |
| Unspent at beginning of year | 36,603 |
| Expenditure: | 1,666,729 |
| Unspent at end of year | 0 |
| Key Project | Expenditure (\$) |
| Road Renewal | 799,000 |
| Sea Wall Reconstruction | 475,000 |
| Retaining Wall Reconstruction | 258,000 |

Special Rates and Levies

Council previously successfully applied in to the Independent Pricing and Regulatory Tribunal for a special variation to its general income. The increase granted was 5.5% (inclusive of the rate peg) per annum until 2017/18. In 2015/16, the special variation generated approximately \$1.1 million of additional revenue above that which would have been the case had only the rate peg been applied. This revenue made a contribution to our capital works program.

Council's revenue from rates also includes an Environment Levy, Infrastructure Levy, Crows Nest Mainstreet Levy and a Neutral Bay Mainstreet Levy.

During the year the following productivity savings were achieved:

| Description of Activity | Productivity Gains |
|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Project management Council conducted a review of its Project Management Framework | Identified a consistent approach that maximises the likelihood of projects being delivered on time, to cost and to the intended scope. |
| Parking enforcement Introduction of smartphone technology Introduction of next generation infringement processing software | The introduction of smartphones to replace personal digital assistants (PDAs) has enabled improved evidence gathering. Smartphones also enable officers to communicate with newly introduced in-ground sensor technology to better manage parking turnover. Together with smartphones, this new infringement processing software allows infringed people to view the photographic evidence online at the State Debt Recovery Office. These initiatives also prepare Council to move to the live transfer of infringement data to the State Debt Recovery Office. |
| Development assessments service delivery Review of lodgement and assessment process | Council investigated the option of electronic lodgement and report templates to assist in the lowering of development application processing times. The project is continuing into 2016/2017. |
| Cultural Services Review conducted of Council's arts and cultural service levels (North Sydney Arts and Cultural Strategic Plan) | While operating within existing staffing levels, the arts and cultural services department implemented service level adjustments and introduced new service activities including Public Art Trail and a pop up shop exhibiting work of local artists. |
| Youth Services The Phoenix House Youth Refuge transferred to Link Housing management following the Going Home, Staying Home reforms | Preserved the monetary value of recent refurbishments and maintained service to youth transitioning to independence. |

Environment Levy

Environment Levy funds are used to implement Council's Bushland and Fauna Rehabilitation Plans, Street Tree Strategy, Water Management Plan and Greenhouse Action Plan. All rateable properties within the Council area are charged the Environment Levy.

The following tables give an overview of the work fully or partially funded by the levy in 2015/16:

| Environment Levy | Amount (\$) |
|------------------------------|-------------|
| Actual net income | \$1,820,620 |
| Unspent at beginning of year | \$735,016 |
| Expenditure | \$1,760,113 |
| Unspent at end of year | \$795,523 |

| Project | Amount (\$) |
|------------------------------|-------------|
| Bushland | \$778,234 |
| Greenhouse Action Plan | \$325,749 |
| Sustainability Strategy | \$216,645 |
| Water Management Action Plan | \$228,083 |

Crows Nest Mainstreet and Neutral Bay Mainstreet Levies

The Crows Nest and Neutral Bay Mainstreet Levies were implemented to raise funds for streetscape works within the Crows Nest and Neutral Bay business areas. Only applicable properties within those business areas are charged these levies.

The following table provides details on the total income received and projects funded by the levies in 2015/16:

| Mainstreet Levies | Amount (\$) |
|------------------------------|-------------|
| Actual net income | \$497,782 |
| Unspent at beginning of year | \$114,200 |
| Expenditure | \$234,121 |
| Unspent at end of year | \$377,861 |

| Project | Amount (\$) |
|------------------------------------------------|-------------|
| Burlington Street Crows Nest Streetscape works | \$191,585 |

Infrastructure Levy

The Infrastructure Levy was implemented to raise more funds for the maintenance and renewal of Council's infrastructure assets. All rateable properties within the Council area are charged the Infrastructure Levy.

The following table provides details on the total income received and projects funded by the levy in 2015/16:

| Infrastructure Levy | (\$) |
|------------------------------|-------------|
| Income: | \$1,630,672 |
| Unspent at beginning of year | \$0 |
| Expenditure: | \$1,343,096 |
| Unspent at end of year | \$287,576 |

| Project | Expenditure (\$) |
|---------------------------------|-------------------------|
| Road renewal | \$878,700 |
| Road furniture renewal | \$40,000 |
| Stormwater Drainage maintenance | \$15,000 |
| Lighting maintenance | \$31,447 |
| Retaining walls renewal | \$290,562 |
| Sea walls renewal | \$87,277 |

Stormwater Management Service Charge

The Stormwater Management Service Charge is levied to provide funds for the renewal of Council's stormwater drainage infrastructure. All rateable properties within the Council area are charged the Infrastructure Levy.

The following table provides details on the total income received, expenditure per project and outcomes achieved in 2015/16:

| Infrastructure Levy | (\$) |
|-------------------------------------------------|-------------|
| Income: | \$547,039 |
| Amount carried over from 2014/15 financial year | \$5,157 |
| Expenditure | \$552,196 |
| Balance carried over to 2016/17 financial year | \$0 |

| Project | Expenditure (\$) |
|-----------------------------|-------------------------|
| Stormwater Drainage renewal | \$552,196 |

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Special Rates and Levies

Council previously successfully applied in to the Independent Pricing and Regulatory Tribunal for a special variation to its general income. The increase granted was 5.5% (inclusive of the rate peg) per annum until 2017/18. In 2016/17, the special variation generated approximately \$1.4 million of additional revenue above that which would have been the case had only the rate peg been applied. This revenue made a small contribution to the capital works program.

Council's revenue from rates also includes an Environment Levy, Infrastructure Levy, Crows Nest Mainstreet Levy and a Neutral Bay Mainstreet Levy.

Environment Levy

Environment Levy funds are used to implement projects identified in Council's Sustainability Strategy.

The following tables give an overview of the work fully or partially funded by the levy in 2016/17:

| Environment Levy | \$ |
|-------------------------------------------------|-----------|
| Actual net income | 1,830,154 |
| Amount carried over from 2015/16 financial year | 795,523 |
| Expenditure | 1,782,623 |
| Balance carried over to 2017/18 | 843,054 |

| Project | \$ |
|------------------------------|---------|
| Bushland | 786,626 |
| Greenhouse Action Plan | 416,868 |
| Sustainability Strategy | 217,724 |
| Water Management Action Plan | 165,484 |

Crows Nest Mainstreet and Neutral Bay Mainstreet Levies

The Crows Nest and Neutral Bay Mainstreet Levies were implemented to raise funds for streetscape works within the Crows Nest and Neutral Bay business areas. Only applicable properties within those business areas are charged these levies.

The following table provides details on the total income received and projects funded by the levies in 2016/17:

| Mainstreet Levies | \$ |
|------------------------------|---------|
| Actual net income | 494,842 |
| Unspent at beginning of year | 377,861 |
| Expenditure | 517,467 |
| Unspent at end of year | 355,236 |

| Project | \$ |
|--------------------------------------------------------|---------|
| Willoughby Road paving | 209,000 |
| Falcon Street to Willoughby Road public domain upgrade | 145,667 |
| Pacific Highway public domain upgrade | 60,065 |

Infrastructure Levy

The Infrastructure Levy was implemented to raise more funds for the maintenance and renewal of Council's infrastructure assets. All rateable properties within the Council area are charged the Infrastructure Levy.

The following table provides details on the total income received and projects funded by the levy in 2016/17:

| Infrastructure Levy | \$ |
|-------------------------------------------------|-----------|
| Actual net Income | 1,639,384 |
| Amount carried over from 2015/16 financial year | 287,576 |
| Expenditure | 1,918,960 |
| Balance carried over to 2017/18 | 8,000 |

| Project | \$ |
|-------------------------|-----------|
| Roads renewal | 883,200 |
| Seawalls renewal | 653,551 |
| Retaining walls renewal | 228,825 |

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Special Rates and Levies

Council previously successfully applied in to the Independent Pricing and Regulatory Tribunal for a special variation to its general income. The increase granted was 5.5% (inclusive of the rate peg) per annum until 2017/18. In 2016/17, the special variation generated approximately \$1.4 million of additional revenue above that which would have been the case had only the rate peg been applied. This revenue made a small contribution to the capital works program.

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Council's revenue from rates also includes an Environment Levy, Infrastructure Levy, Crows Nest Mainstreet Levy and a Neutral Bay Main street Levy.

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In 2019, IPART partially approved Council's Special Rate Variation (SRV) application that was largely driven by the need to increase revenue to maintain service levels and increase the allocation of funds to infrastructure renewal. The SRV commences 1 July 2019.

| Total assets (\$m) | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|-----------------------------------------------|----------------|------------------|------------------|------------------|------------------|
| Cash and Cash Equivalents | 8,607 | 5,521 | 6,172 | 5,908 | 14,083 |
| Investments | 94,534 | 95,434 | 74,606 | 63,081 | 73,145 |
| Receivables | 5,829 | 6,840 | 10,223 | 8,684 | 6,417 |
| Inventories | 43 | 43 | 46 | 58 | 57 |
| Prepaid Expenses | 228 | 226 | 273 | 282 | 244 |
| Infrastructure, Property, Plant and Equipment | 701,806 | 855,871 | 892,742 | 1,013,603 | 1,019,274 |
| Investment in Shorelink Library Network | 56 | 34 | 33 | 13 | 10 |
| Investment Property | 79,570 | 92,390 | 97,623 | 97,740 | 95,512 |
| Total Assets | 890,673 | 1,056,359 | 1,081,718 | 1,189,369 | 1,213,242 |

REPORT OF ACTIVITIES FUNDED BY THE SPECIAL RATE VARIATION (SRV)

On 14 May 2019, IPART advised that Council's SRV and minimum rate increase was **partially approved**, meaning that Council can increase both residential and business rates by 7% per annum, inclusive of the rate peg, for three years (i.e. until 30 June 2022) not five years. Council will raise less additional revenue than requested so cannot deliver the full program of works advertised in the SRV Information Sheet (October 2018).

The additional revenue enables Council to maintain existing service levels (including verge mowing, graffiti removal and the Precinct System) plus generate \$11.9 million total additional funds available over three years – an additional \$7.3 million to address the condition 5 (very poor) assets and the remaining funds will enable the Council to undertake the additional capital works:

- › St Leonards Park Masterplan implementation
- › Public Domain upgrades in Neutral Bay, Cremorne, Kirribilli and McMahons Point villages
- › Playground upgrades in Sirius Street Reserve and Grasmere Children's Park
- › Walking trail upgrades in Primrose Park and Gore Cove to Smoothey Park

The table below outlines the forecasted SRV activity timeline:

| Program | Project Link | 2019/20 | 2020/21 | 2021/22 |
|--------------------------------------------------|--------------|---------|---------|---------|
| Asset Renewals - Additional | | | | |
| Drainage | 2.1.1.07 | ● | ● | ● |
| Gross Pollutant Traps | 2.1.1.13 | | ● | ● |
| Footpaths | 2.1.1.05 | ● | | ● |
| Marine Structures | 2.1.1.11 | ● | | |
| Retaining Walls | 2.1.1.09 | ● | ● | ● |
| Roads | 2.1.1.08 | | | ● |
| Seawalls | 2.1.1.10 | ● | ● | ● |
| Projects | | | | |
| St Leonards Park Masterplan Implementation | 2.2.1.10 | | ● | ● |
| Neutral Bay and Cremorne Village Upgrades | 2.2.1.09 | ● | ● | ● |
| Kirribilli and McMahons Point Village Upgrades | 2.2.1.12 | | | ● |
| Upgrade at Sirius Street Reserve Playground | 1.4.1.39 | ● | | |
| Upgrade Grasmere Children's Park Playground | 1.4.1.49 | | | ● |
| Primrose Park Walking Track Upgrade | 1.4.1.41 | | ● | |
| Gore Cove to Smoothey Park Walking Track Upgrade | 1.4.1.40 | | | ● |

The SRV expenditure budget in 2019/20 was \$2,604,277. Actual expenditure was \$1,701,205. The proposed program for all SRV funded projects was delivered last year, except for the Sawmillers Reserve and Hayes Street Boardwalk Neutral Bay marine structures projects. There were delays gaining authority approvals for both these projects resulting in a delay in the finalisation of the design stage. Expenditure on the Hayes Street Jetty and the Sawmillers Wharf marine upgrades was less than planned by \$902,992.

The table below outlines the actual expenditure in 2019/20 by category and activity:

| Program | Project | SRV Budget | Total Actual Project Expenditure | Total SRV funds used |
|-------------------------------------------------|---------------------------------------------------------------|--------------------|----------------------------------|----------------------|
| | | | 2019/20 | 2019/20 |
| Asset Renewals - Additional | | | | |
| Drainage | Gerard Lane Cremorne | | \$230,000 | \$230,000 |
| | Bennett Street, Cremorne | | \$230,000 | \$230,000 |
| | Drainage Total | \$230,000 | \$388,588 | \$230,000 |
| Seawalls | Hayes Street, Neutral Bay | | \$300,102 | \$180,000 |
| | Quibaree Park, Lavender Bay (Seawall and Boat Ramp Project) | | \$230,000 | \$230,000 |
| | Blues Point Reserve, McMahons Point | | \$397,084 | \$230,000 |
| | Seawalls Total | \$500,000 | \$860,364 | \$500,000 |
| Retaining Walls | Lodge Road, Cremorne | | \$123,487 | \$123,487 |
| | Iredale Avenue, Cremorne Point | | \$52,500 | \$48,218 |
| | Retaining Walls Total | \$171,705 | \$175,987 | \$171,705 |
| Footpaths | Cremorne Road, Cremorne | | \$75,000 | \$75,000 |
| | Footpaths Total | \$75,000 | \$75,000 | \$75,000 |
| Marine Structures | Hayes Street Jetty, Neutral Bay (2019/20 costs only) | | \$62,957 | \$62,957 |
| | Sawmillers Reserve Wharf, McMahons Point (2019/20 costs only) | | \$71,349 | \$230,000 |
| | Marine Structures Total | \$230,000 | \$230,000 | \$230,000 |
| Projects | | | | |
| Neutral Bay & Cremorne Public Domain Masterplan | Military Road, Cremorne | | \$1,315,074 | \$500,000 |
| | Public Domain Masterplan Total | \$500,000 | \$1,315,074 | \$500,000 |
| Playgrounds | Sirius Street Reserve Playground Upgrade, Cremorne Point | | \$200,000 | \$200,000 |
| | Playgrounds Total | \$200,000 | \$200,000 | \$200,000 |
| GRAND TOTAL | | \$2,604,277 | \$3,149,319 | \$1,701,285 |

REPORT OF ACTIVITIES FUNDED BY THE SPECIAL RATE VARIATION (SRV)

On 14 May 2019, IPART advised that Council's SRV and minimum rate increase was **partially approved**, meaning that Council can increase both residential and business rates by 7% per annum, inclusive of the rate peg, for three years (i.e. until 30 June 2022).

The additional revenue enables Council to maintain existing service levels (including verge mowing, graffiti removal and the Precinct System) plus generate \$11.9 million total additional funds available over three years – an additional \$7.3m to address the condition 5 (very poor) assets and the remaining funds will enable the Council to undertake the additional capital works:

- › St Leonards Park Masterplan implementation
- › Public Domain upgrades in Neutral Bay, Cremorne, Kirribilli and McMahons Point villages
- › Playground upgrades in Sirius Street Reserve and Grasmere Children's Park
- › Walking trail upgrades in Primrose Park and Gore Cove to Smoothey Park

The table below outlines the forecasted SRV activity timeline:

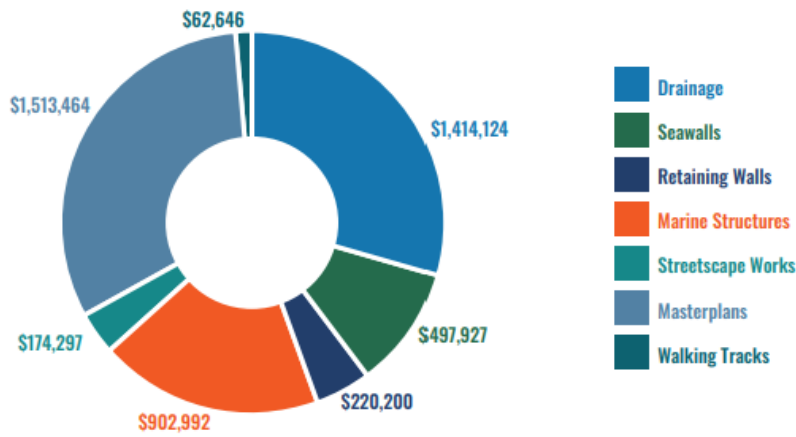
| Program | Project Link | 2019/20 | 2020/21 | 2021/22 |
|--------------------------------------------------|--------------|---------|---------|---------|
| Asset Renewals - Additional | | | | |
| Drainage | 2.1.1.07 | ● | ● | ● |
| Gross Pollutant Traps | 2.1.1.13 | | ● | ● |
| Footpaths | 2.1.1.05 | ● | | ● |
| Marine Structures | 2.1.1.11 | ● | ● | |
| Retaining Walls | 2.1.1.09 | ● | ● | ● |
| Roads | 2.1.1.08 | | | ● |
| Seawalls | 2.1.1.10 | ● | ● | ● |
| Projects | | | | |
| St Leonards Park Masterplan Implementation | 2.2.1.10 | | | ● |
| Neutral Bay and Cremorne Village Upgrades | 2.2.1.09 | ● | ● | ● |
| Kirribilli and McMahons Point Village Upgrades | 2.2.1.12 | | | ● |
| Upgrade playground at Sirius Street Reserve | 1.4.1.39 | ● | | |
| Upgrade Fred Hutley Playground | 1.4.1.55 | | | ● |
| Primrose Park Walking Track Upgrade | 1.4.1.41 | | ● | |
| Gore Cove to Smoothey Park Walking Track Upgrade | 1.4.1.40 | | | ● |

The SRV expenditure budget in 2020/21 was \$5,163,390. Actual expenditure was \$4,785,650. The proposed program for all SRV funded projects was delivered last year, except for seawall reconstruction, streetscape lighting upgrades and Primrose Park Walking Track, which will be delivered in 2021/22.

The table below outlines the actual expenditure in 2020/21 by category and activity:

| Program | Project | SRV Budget (\$) | SRV Actuals (\$) |
|-------------------------|-------------------------------------------------|------------------|------------------|
| Asset Renewals | | | |
| Drainage | Drainage construction works | 1,089,124 | 1,089,124 |
| | Gas pollutant trap upgrades | 325,000 | 325,000 |
| Drainage Total | | 1,414,124 | 1,414,124 |
| Seawalls | Seawall reconstruction | 600,000 | 497,927 |
| | Seawalls Total | 600,000 | 497,927 |
| Retaining Walls | Stabilisation of retaining walls and rocks | 220,200 | 220,200 |
| | Retaining Walls Total | 220,200 | 220,200 |
| Marine Structures | Hayes Street boardwalk, Neutral Bay | 207,043 | 207,043 |
| | Sawmillers Reserve Wharf, McMahons Point | 695,949 | 695,949 |
| | Marine Structures Total | 902,992 | 902,992 |
| Projects | | | |
| Masterplans | Neutral Bay & Cremorne Public Domain Masterplan | 500,000 | 313,464 |
| | St Leonards Park Masterplan | 1,200,000 | 1,200,000 |
| Masterplan Total | | 1,700,000 | 1,513,464 |
| Walking Track Upgrades | Primrose Park Walking Track | 90,000 | 62,646 |
| | Walking Tracks Total | 90,000 | 62,646 |
| GRAND TOTAL | | 5,163,390 | 4,785,650 |

The chart below summarises total SRV funds spent by category in 2020/21.



ACTIVITIES FUNDED BY THE SPECIAL RATE VARIATION (SRV)

On 14 May 2019, IPART advised that Council's SRV and minimum rate increase was **partially approved**, meaning that Council can increase both residential and business rates by 7% per annum, inclusive of the rate peg, for three years (i.e. until 30 June 2022). This is the second last report, with the final report on expenditure will be included in the 2022/23 Annual Report.

The additional revenue enables Council to maintain existing service levels (including verge mowing, graffiti removal and the Precinct System) plus generate \$11.9 m total additional funds available over three years – an additional \$7.3m to address the condition 5 (very poor) assets and the remaining funds will enable the Council to undertake the additional capital works:

- > St Leonards Park Masterplan implementation
- > Public Domain upgrades in Neutral Bay, Cremorne, Kirribilli and McMahons Point villages
- > Playground upgrades in Sirius St Reserve and Grasmere Children's Park
- > Walking trail upgrades in Primrose Park and Gore Cove to Smoothey Park

The table below outlines the SRV activity timeline:

| Program | Project Link | 2019/20 | 2020/21 | 2021/22 |
|--------------------------------------------------|--------------|---------|---------|---------|
| Asset Renewals - Additional | | | | |
| Footpaths | 2.1.1.05 | ● | | ● |
| Drainage | 2.1.1.07 | ● | ● | ● |
| Roads | 2.1.1.08 | | | ● |
| Retaining Walls | 2.1.1.09 | ● | ● | ● |
| Seawalls | 2.1.1.10 | ● | ● | ● |
| Marine Structures | 2.1.1.11 | ● | ● | |
| Gross Pollutant Traps | 2.1.1.13 | | ● | ● |
| Asset Renewals - Core | | | | |
| Upgrade playground at Sirius St Reserve | 1.4.1.39 | ● | | |
| Gore Cove to Smoothey Park Walking Track Upgrade | 1.4.1.40 | | | ● |
| Primrose Park Walking Track Upgrade | 1.4.1.41 | | ● | |
| Upgrade Fred Hutley Playground | 1.4.1.55 | | | ● |
| Neutral Bay and Cremorne Village Upgrades | 2.2.1.09 | ● | ● | ● |
| St Leonards Park Masterplan Implementation | 2.2.1.10 | | | ● |
| Kirribilli and McMahons Point Village Upgrades | 2.2.1.12 | | | ● |

The SRV expenditure budget in 2021/22 was \$5,376,427. Actual expenditure was \$3,790,655. The proposed program for SRV funded projects was delivered last year except for components of the Kirribilli & McMahons Point Village Centre, the Neutral Bay & Cremorne Masterplan Program, the Gore Cove to Smoothey Park Walking Track Upgrade, the Fred Hutley Playground and the St Leonards Park Masterplan.

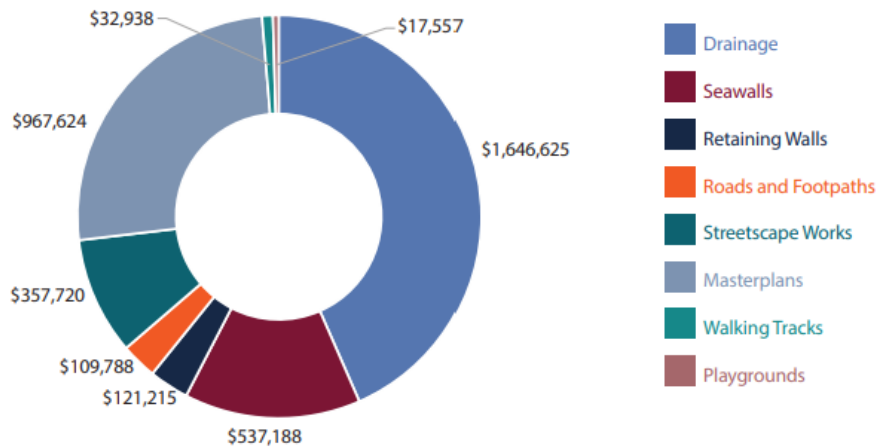
The table below outlines the actual asset expenditure in 2021/22:

| Program | Project | SRV Budget (\$) | SRV Actuals (\$) | Outcomes |
|-----------------------|--------------------------------------------|------------------|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Asset Renewals | | | | |
| Drainage | Drainage construction works | 946,625 | 946,625 | 26 pipe relining projects totalling nearly 1,000m of pipe, drainage pit repairs and modifications; and major pipe system upgrades at Bay Rd at Carr St, Wollstonecraft, Shellcove Rd, Neutral Bay and Gerard St at Langley Ave, Cremorne |
| | Gross pollutant trap (GPT) upgrades | 700,000 | 700,000 | GPT upgrades at Newlands Ln, Wollstonecraft, and Brennan Park, Wollstonecraft |
| | Drainage Total | 1,646,625 | 1,646,625 | |
| Roads and Footpaths | Footpaths | 40,950 | 40,950 | Footpath project completed at Selwyn St and Milner Cres to Russell St, Wollstonecraft |
| | Roads | 68,838 | 68,838 | Devonshire St, Crows Nest, from Alexander St to Huntington St |
| | Roads and Footpaths Total | 109,788 | 109,788 | |
| Seawalls | Seawall reconstruction | 537,188 | 537,188 | Major seawall rehabilitation at Primrose Park, Willoughby Bay |
| | Seawalls Total | 537,188 | 537,188 | |
| Retaining Walls | Stabilisation of retaining walls and rocks | 121,215 | 121,215 | Major retaining wall repairs at Bridgeview Ave, Cammeray; Ellalong Rd, Cremorne; and Lower Spofforth Walk (includes Hunts Lookout), Cremorne Point |
| | Retaining Walls Total | 121,215 | 121,215 | |
| Streetscape Works | Lighting upgrade | 357,720 | 357,720 | Lighting upgrades at Bradfield Park, Anderson Park, East Crescent St Stairs, McMahons Point, Atchison Ln, Crows Nest and numerous bus shelters |
| | Streetscape Works Total | 357,720 | 357,720 | |

The table below outlines the actual projects expenditure in 2021/22:

| Program | Project | SRV Budget (\$) | SRV Actuals (\$) | Outcomes |
|-------------------------|---------------------------------------------------|------------------|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Projects | | | | |
| Masterplans | Neutral Bay and Cremorne Public Domain Masterplan | 686,537 | 0 | Delays delivering projects identified in the Master Plans due to delay in consultants design documentation. Subsequent community consultation, Council reporting, tendering and construction of these projects now delayed. Remaining funds will be spent in 2022/23. |
| | Kirribilli and McMahons Point Village Centres | 300,000 | 65,264 | |
| | St Leonards Park Masterplan | 1,200,000 | 902,360 | Material supply issues led to delay. Remaining funds will be spent in 2022/23. |
| Masterplan Total | | 2,186,537 | 967,624 | |
| Playground Upgrade | Fred Hutley playground upgrade | 300,000 | 17,557 | Original tender withdrawn by the contractor. New contractor sourced with expected completion November 22. Material supply delays have compounded delay. |
| | Playgrounds Total | 300,000 | 17,557 | |
| Walking Track Upgrades | Primrose Park Walking Track | 27,354 | 13,650 | Project 80% completed. Remaining works pending completion of Sydney Water infrastructure works, date to be confirmed. |
| | Gore Cove to Smoothey Park Walking Track | 90,000 | 19,288 | |
| | Walking Tracks Total | 117,354 | 32,938 | |
| GRAND TOTAL | | 5,376,427 | 3,790,655 | |

The chart below summarises total SRV funds spent by category in 2021/22.



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Activities Funded by the Special Rate Variation (SRV)

In accordance with the *Special Rate Variation Guidelines*, the Council is required to report on activities funded via a special rate variation including requirements set out in the Instrument of Approval, projects and outcomes achieved.

IPART partially approved a SRV and minimum rate increase in May 2019, meaning that for the three-year period 1 July 2019 to 30 June 2022, the Council could increase both residential and business rates by 7% per annum, inclusive of the rate peg. These were permanent increase and are therefore included in Council's General Permissible Income on an ongoing basis. As the nominated projects are completed the funds become available to fund Council's regular program of asset renewals.

The additional revenue enabled us to maintain our existing service levels (including verge mowing, graffiti removal and the Precinct System) plus generated a total of \$11.9 million in additional funds over the three years, including an additional \$7.3m to address condition 5 (very poor) assets and the remaining funds enabled the Council to undertake the following additional capital works projects:

| Program | 2019/20 | 2020/21 | 2021/22 |
|------------------------------------------------------|---------|---------|---------|
| Asset Renewals - Additional | | | |
| Drainage | ● | ● | ● |
| Gross Pollutant Traps | | ● | ● |
| Footpaths | ● | | ● |
| Marine Structures | ● | ● | |
| Retaining Walls | ● | ● | ● |
| Roads | | | ● |
| Seawalls | ● | ● | ● |
| Capital Works projects | | | |
| St Leonards Park Landscape Masterplan implementation | | | ● |
| Neutral Bay & Cremorne village upgrades | ● | ● | ● |
| Kirribilli & McMahons Point village upgrades | | | ● |
| Sirius Street Reserve playground upgrade | ● | | |
| Grasmere Children's Park playground upgrade | | | ● |
| Primrose Park walking track upgrade | | ● | |
| Gore Cove to Smoothey Park walking track upgrade | | | ● |

Whilst the SRV expired on 30 June 2022, not all funds raised were expended. The remaining funds were for the implementation of the St Leonards Park Masterplan, public domain upgrades in the commercial village areas Neutral Bay, Cremorne, Kirribilli and McMahons Point as well as a playground upgrade. The playground upgraded was Fred Hutley Reserve as Grasmere Children's Park playground was upgraded via grant funding.

In 2022/23 the SRV funds were spent as follows:

| Project | SRV Budget (\$) | SRV Actuals (\$) |
|------------------------------------------------------|------------------|------------------|
| St Leonards Park Landscape Masterplan implementation | 297,640 | 227,028 |
| Neutral Bay & Cremorne village upgrades | 686,537 | 189,080 |
| Kirribilli & McMahons Point village upgrades | 234,736 | 137,428 |
| Fred Hutley Reserve playground upgrade | 282,443 | 282,443 |
| Primrose Park walking track upgrade | 13,704 | 0 |
| Gore Cove to Smoothey Park walking track upgrade | 70,712 | 70,712 |
| TOTAL | 1,585,772 | 906,691 |

As at 30 June 2023, a balance of \$679,081 remains. This is due to the flow-on impacts from 2021/22 of rain delays, lockdown delays, the time taken to prepare designs for projects in the Neutral Bay and Cremorne Public Domain Masterplan, material supply problems, and the withdrawal of the initial contractor for the playground upgrade. These funds are restricted and will be used to fund the continued progress and finalisation of the nominated projects in 2023/24.

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Activities Funded by the Special Rate Variation (SRV)

In accordance with the *Special Rate Variation Guidelines*, the Council is required to report on activities funded via a special rate variation including requirements set out in the Instrument of Approval, projects and outcomes achieved.

IPART partially approved a SRV and minimum rate increase in May 2019, meaning that for the three-year period 1 July 2019 to 30 June 2022, the Council could increase both residential and business rates by 7% per annum, inclusive of the rate peg. These were permanent increase and are therefore included in Council's General Permissible Income on an ongoing basis. As the nominated projects are completed the funds become available to fund Council's regular program of asset renewals.

The additional revenue enabled us to maintain our existing service levels (including verge mowing, graffiti removal and the Precinct System) plus generated a total of \$11.9 million in additional funds over the three years, including an additional \$7.3m to address condition 5 (very poor) assets and the remaining funds enabled the Council to undertake the following additional capital works projects:

| Program | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|------------------------------------------------------|---------|---------|---------|---------|---------|
| Asset Renewals - Additional | | | | | |
| Drainage | ● | ● | ● | | |
| Gross Pollutant Traps | | ● | ● | | |
| Footpaths | ● | | ● | | |
| Marine Structures | ● | ● | | | |
| Retaining Walls | ● | ● | ● | | |
| Roads | | | ● | | |
| Seawalls | ● | ● | ● | | |
| Capital Works projects | | | | | |
| St Leonards Park Landscape Masterplan implementation | | | ● | ● | ● |
| Neutral Bay & Cremorne village upgrades | | | ● | ● | ● |
| Kirribilli & McMahons Point village upgrades | | | ● | ● | ● |
| Sirius Street Reserve playground upgrade | ● | | | | |
| Gasmere Children's Park playground upgrade | | | ● | ● | |
| Primrose Park walking track upgrade | | ● | | | |
| Gore Cove to Smoothey Park walking track upgrade | | | ● | ● | |

The SRV expired on 30 June 2022, however not all funds raised were expended. The remaining funds were for the implementation of the St Leonards Park Masterplan, public domain upgrades in the commercial village areas Neutral Bay, Cremorne, Kirribilli and McMahons Point as well as a playground upgrade. The playground upgraded was Fred Hutley Reserve as Grasmere Children's Park playground was upgraded via grant funding.

In 2023/24 the SRV funds were spent as follows:

| Project | SRV Budget (\$) | SRV Actuals (\$) |
|------------------------------------------------------|-----------------|------------------|
| St Leonards Park Landscape Masterplan implementation | 70,612 | 70,612 |
| Neutral Bay & Cremorne village upgrades | 497,457 | 129,218 |
| Kirribilli & McMahons Point village upgrades | 97,308 | 97,308 |
| TOTAL | 665,377 | 297,138 |

Works totalling \$951,619 progressed for the Neutral Bay & Cremorne village upgrades project in 2023/24 but were funded mainly from other sources. The remaining SRV funds for this project, \$368,239 will be included in the carry forward report for 2024/25.

Council had previously received a Special Rate Variation commencing FY 2012/13. A condition of that SRV was that Council disclose in its Annual Report information on the SRV income and funding. Council failed to make adequate disclosures in its reports for FY 2017/18 and FY 2018/19.

Addendum for previous years SRV

Approval was given by IPART for a Special Rate Variation (SRV) in 2011/12. This allowed an increase in rates by 12.34% in 2012/13, 14.57% in 2013/14, and 5.50% each year from 2014/15 to 2017/18. These increases included a previously approved special variation of 5.50%, and the continuation the Infrastructure, Environment, Crows Nest Mainstreet and Neutral Bay Mainstreet levies. This additional revenue was used to fund critical environmental, infrastructure and commercial precinct programs.

In FY 2017/18 an approximate additional \$1,477,000 was raised from the SRV. This revenue was used to partially fund infrastructure renewals, which totalled \$29.5 million. As reported in the FY 2017/18 Annual Report, the following Special Rates were raised and used as follows:

| | |
|--------------------------------------------------------|-----------|
| Environment Levy | (\$) |
| Actual income | 1,830,154 |
| Project | |
| Bushland | 786,626 |
| Greenhouse Action Plan | 416,868 |
| Sustainability Strategy | 217,724 |
| Water Management Action Plan | 165,484 |
| Mainstreet Levies | (\$) |
| Actual income | 494,842 |
| Project | |
| Willoughby Road paving | 494,842 |
| Falcon Street to Willoughby Road public domain upgrade | 145,667 |
| Pacific Highway public domain upgrade | 60,065 |

| | |
|------------------------------------------|-------------------|
| Infrastructure Levy Actual income | (\$) 1,639,384 |
| Project | |
| Roads renewal | 883,200 |
| Seawalls renewal | 653,551 |
| Retaining walls renewal | 228,825 |

Unspent amounts were restricted for expenditure in subsequent years.

In FY 2018/19 an approximate additional \$ 1,511,000 was raised due to the SRV. This revenue was used to partially fund infrastructure renewals, which totalled \$22.2 million. As reported in the FY 2018/19 Annual Report, the following Special Rates were raised and used as follows:

| | |
|---------------------------------------|-------------------|
| Environment Levy Actual income | (\$) 1,830,154 |
| Project | |
| Bushland | 786,626 |
| Greenhouse Action Plan | 416,868 |
| Sustainability Strategy | 217,724 |
| Water Management Action Plan | 165,484 |

| | |
|----------------------------------------------------|-----------------|
| Mainstreet Levies Actual income | (\$) 494,842 |
| Project | |
| Operating Expenses/Chamber of Commerce/Street Fair | 248,249 |
| Ernest Plaza Public Domain | 240,932 |

| | |
|------------------------------------------|-------------------|
| Infrastructure Levy Actual income | (\$) 1,639,384 |
| Project | |
| Roads renewal | 1,767,505 |

IPART approved an Additional Special Rate Variation for FY 2022/23. This expedited option was available for councils in the unexpected high inflation environment at the time. The additional income was used to maintain Council's financial sustainability and service levels. Council's original budget was for a \$15.0 k deficit before Capital Grants and Contributions. The actual result was \$2.3 million deficit driven mainly by input cost inflation increasing depreciation by \$3.2 million above budget.

Activities Funded by the Special Levies

The following programs were originally time limited levies that were incorporated in Council's general rates from 1 July 2013, following IPART approval.

Revenue is individually listed on rates notices. The Environmental and Infrastructure Levies are applicable to all rateable properties within the North Sydney LGA. The Mainstreet Levies are applicable to business ratepayers only within designated geographical areas, as outlined in Council's annual Revenue Policy. Note: the income and expenditure figures may not balance due to transfer to and from reserves, regardless the funds are restricted for use as stated below.

| Levy | Purpose | Income & Expenditure |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Infrastructure | Increases available funding for infrastructure maintenance. | Consists of a base amount (50%) and an ad valorem amount (at value). In 2023/24 the levy raised \$2,344,077. \$126,234 unspent levy was brought forward from 2023. The funds were applied to footpath renewal (\$1,200,000), road pavement renewals (\$741,077) and Kerb & Gutter Renewals (\$299,749) and Marine Structures Renewal (\$200,000) |
| Environment | Increases available funding for environmental projects, including implementation of Council's <i>Environmental Sustainability Strategy</i> . | Consists of a base amount (50%) and an ad valorem amount (at value). In 2023/24 the levy raised \$2,630,543 and was applied to bushland projects (\$887,518), greenhouse action (\$928,871) and waste management action plan (\$149,469) and maintenance of gross pollutant traps (\$664,685) |
| Crows Nest Mainstreet | Funds streetscape improvement works within the Crows Nest business area. | Consists of a base amount (30%) and an ad valorem amount (at value). In 2023/24 the levy raised \$295,986 and was applied to the Crows Nest Street Fair (\$73,000). The balance is held in reserve to fund streetscape works in 2024/25 |
| Neutral Bay Mainstreet | Funds streetscape improvement works within the Neutral Bay business area. | Consists of a base amount (30%) and an ad valorem amount (at value). In 2023/24 the levy raised \$201,834 and was applied to funding the Neutral Bay Chamber of Commerce (\$18,000) and streetscape works (\$183,834) |