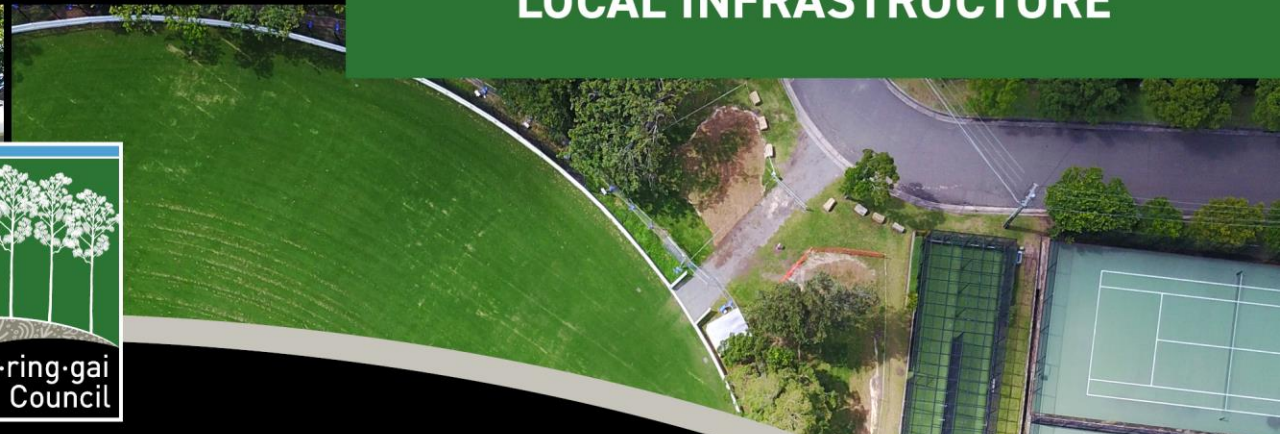
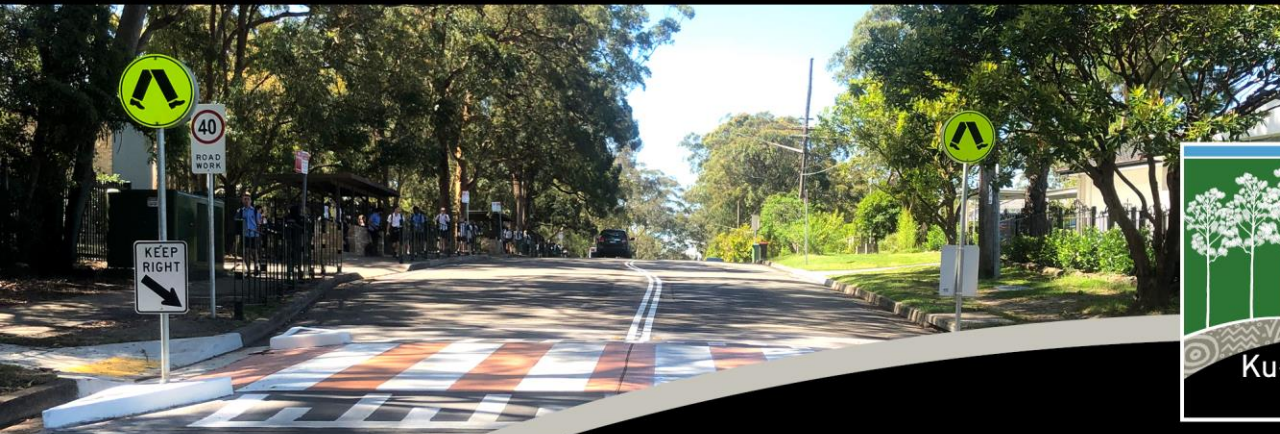




**FUNDING BETTER
LOCAL INFRASTRUCTURE**



Have your say on rate increase options

In-person public forum | 13 August 2025

Acknowledgement of Country

On behalf of Council, we recognise the traditional Custodians of the land and pay tribute to Elders past and present.

Why we are here

- Council has commenced community engagement on four rate increase options
- Feedback closes 31 August 2025
- Tonight we will discuss, and answer questions about, these options
- Also an opportunity to provide feedback on the options

Rules and conduct

- Only one person talks at a time - do not talk over another participant, speaker/staff member who is addressing and/or responding to a question.
- Mutual respect - everyone's opinion counts – there is no wrong or right question or answer.
- Keep to time – if you have a detailed issue/question or query this can be dealt with a Council team member after the session.

DOES EVERYONE AGREE?

Agenda

6.30pm	Welcome and housekeeping	William Adames (Community Engagement Co-Ordinator)
6:35pm	Introduction	David Marshall (General Manager)
6.40pm	Presentation	Angela Apostol (Director Corporate) Peter Lichaa (Director Operations)
7:15pm	Questions and answers	Audience and Council staff
8:00pm	Event close	All

Introduction from Council's General Manager David Marshall

Understanding Council's financial challenges

- To consider Council's current financial situation and challenges, including why it needs to explore rate increase options.

Key financial challenges summary

Council's ability to adequately maintain, renew and upgrade local infrastructure is facing significant challenges from:

- **Rising costs:** Inflation and high demand increasing expenses, above the increase in rates revenue due to rate pegging.
- **Cost shifting:** More responsibilities pushed onto Council without matching funds
- **Rating system disadvantages:** Ku-ring-gai's total rates revenue per capita is below the Sydney average, despite having a large infrastructure portfolio to maintain
- **Ageing infrastructure:** Growing need for maintenance and renewal of buildings, drains, footpaths and other assets
- **Extreme weather:** Increasing costs of response and recovery.

These challenges have led to a deterioration in Council's infrastructure over several generations.

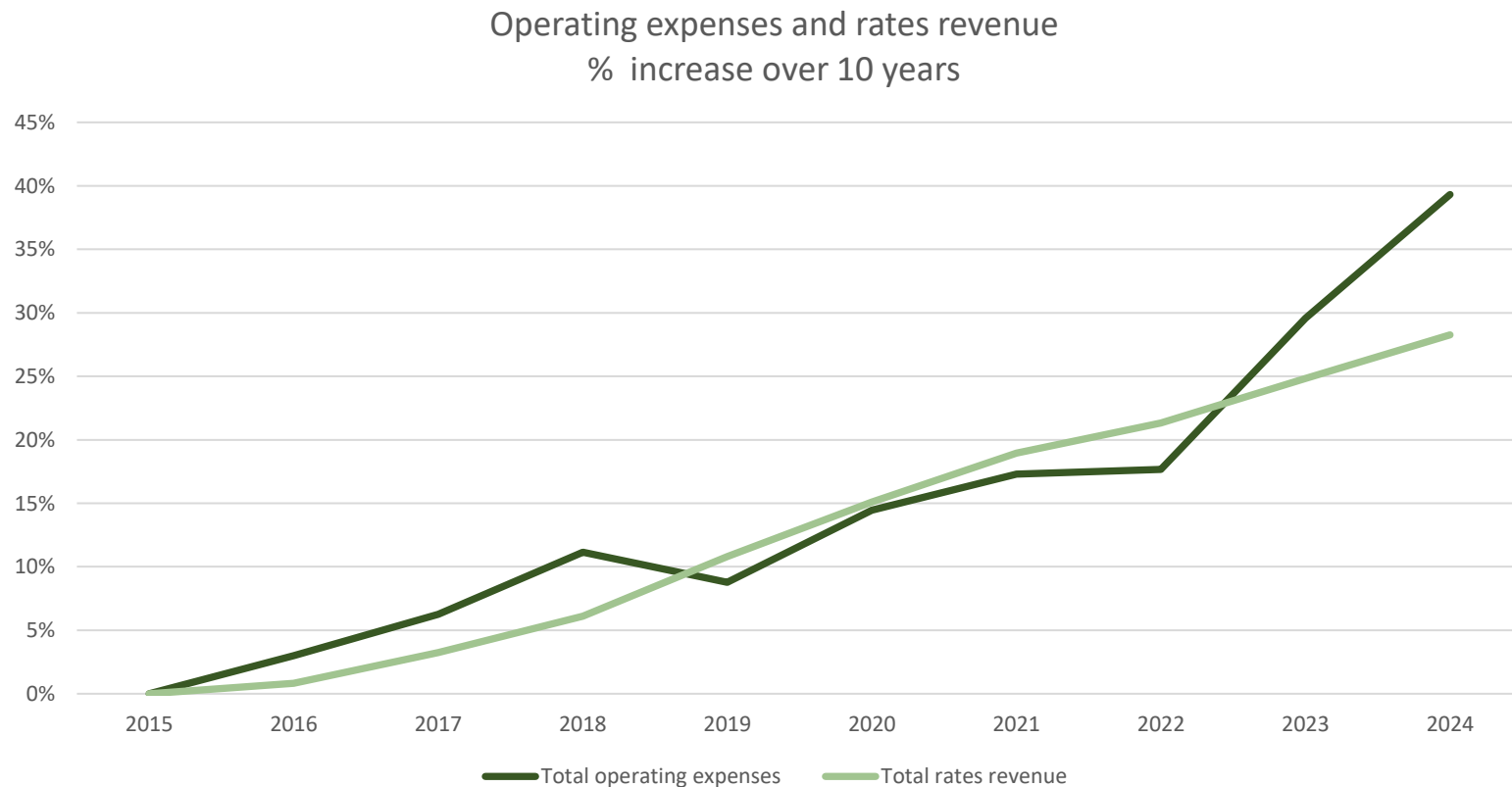
Limited rates revenue

What is rate pegging?

- Rates currently make up around 50% of Council's overall revenue
- IPART sets an annual limit ("rate peg") on the total rate income a council can collect.
- This limit applies to council's overall revenue, not individual ratepayer bills.
- Historically, the rate peg has been lower than the increase in cost of providing council services.
- This restriction limits councils' ability to generate enough income to maintain or improve services and infrastructure.
- IPART reviewed the rate peg methodology in 2022/23 to better account for council cost increases and population growth.

Rising costs

Over the last decade, operating costs have increased by 40%, while rate revenue has only grown by 28%.



Rising operating costs are driven mainly by inflation, population growth and higher depreciation.

Capital costs **are not** included (infrastructure renewal and upgrades)

Costs increased by more than CPI

Emergency Services Levy
Electricity and water
Insurance costs
Audit Fees
Technology licence fees

Cost shifting

Council estimates that it needs around \$20 million each year to meet costs imposed by the NSW and Federal Government.

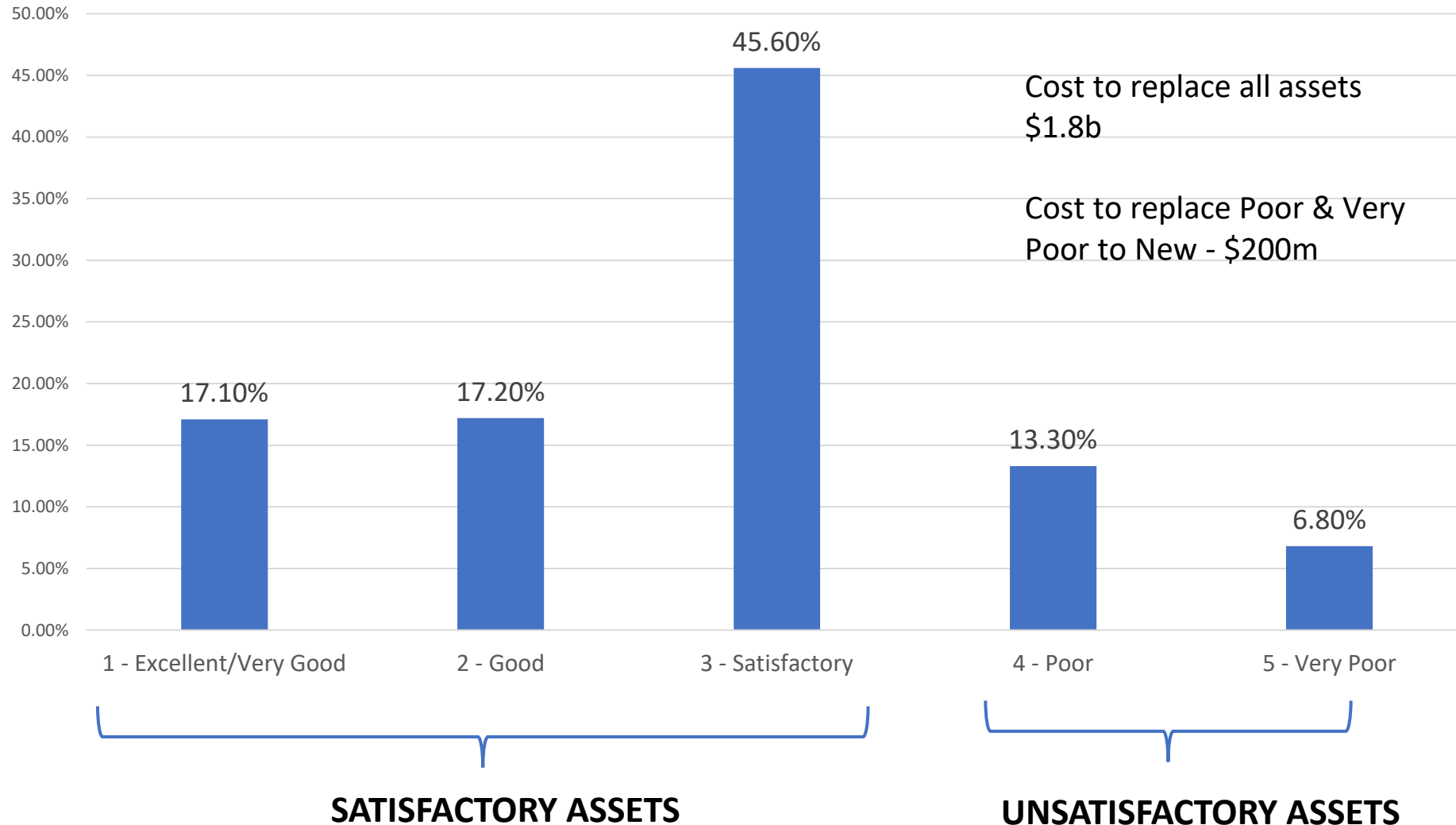
This cost shifting is significant in the following areas:

- Council is required to pay a levy on collected waste
- It spends more on development assessment than it receives from application fees which are capped by law
- It is required to pay more in mandatory pensioner rate rebates than the funding it receives for this purpose
- It is required to pay an Emergency Services Levy

Infrastructure challenges

20% of assets in unsatisfactory condition

Percentage of Council assets in different condition classes in 2023/24



Example photos of unsatisfactory assets



Footpaths



Roads



Stormwater



Buildings



Recreational facilities

Example photos of satisfactory assets



Footpaths



Roads



Recreational facilities



Stormwater



Buildings

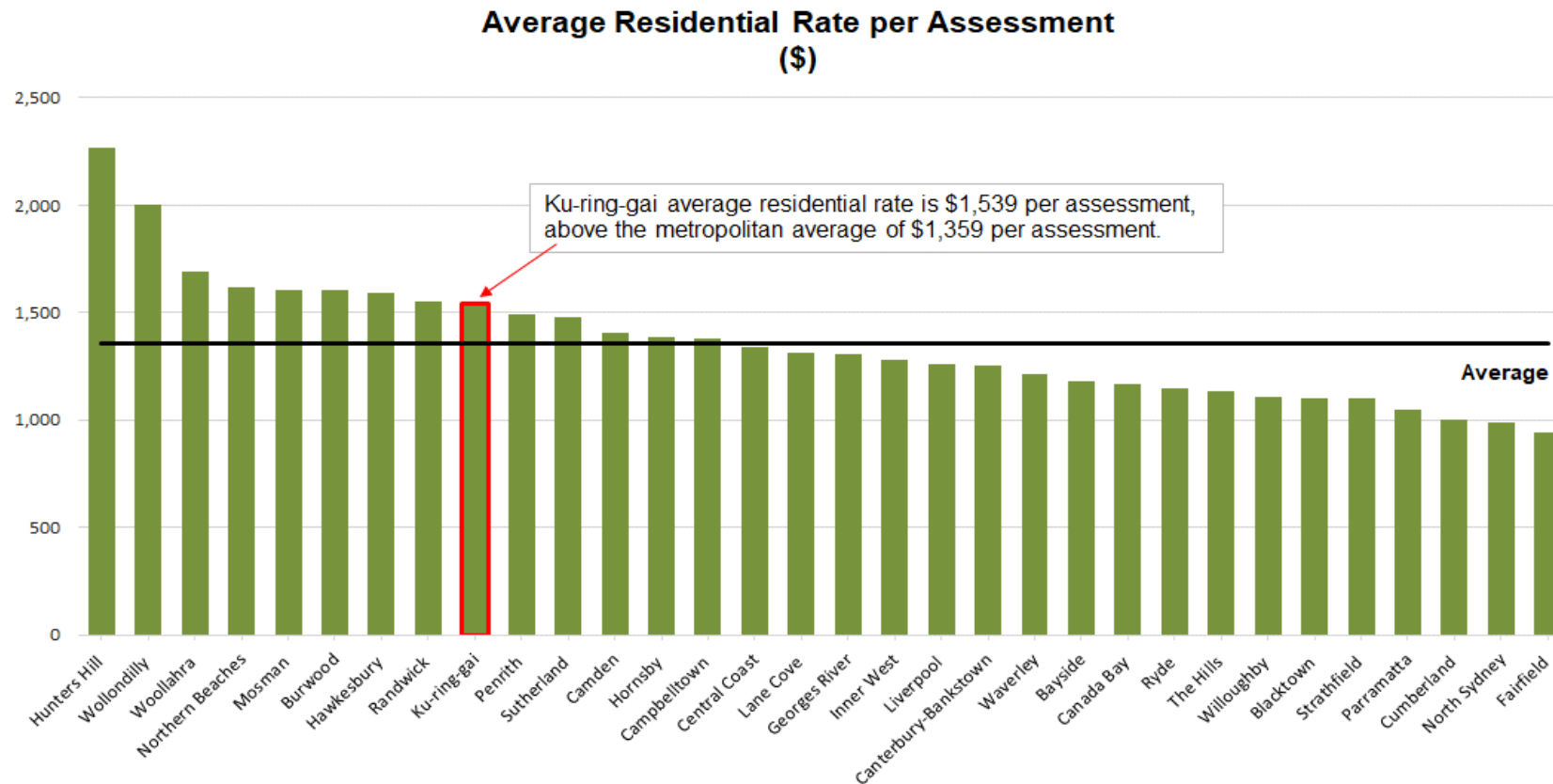


Council rating information

- How Council's rates compare to other Sydney councils

Average residential rate per assessment

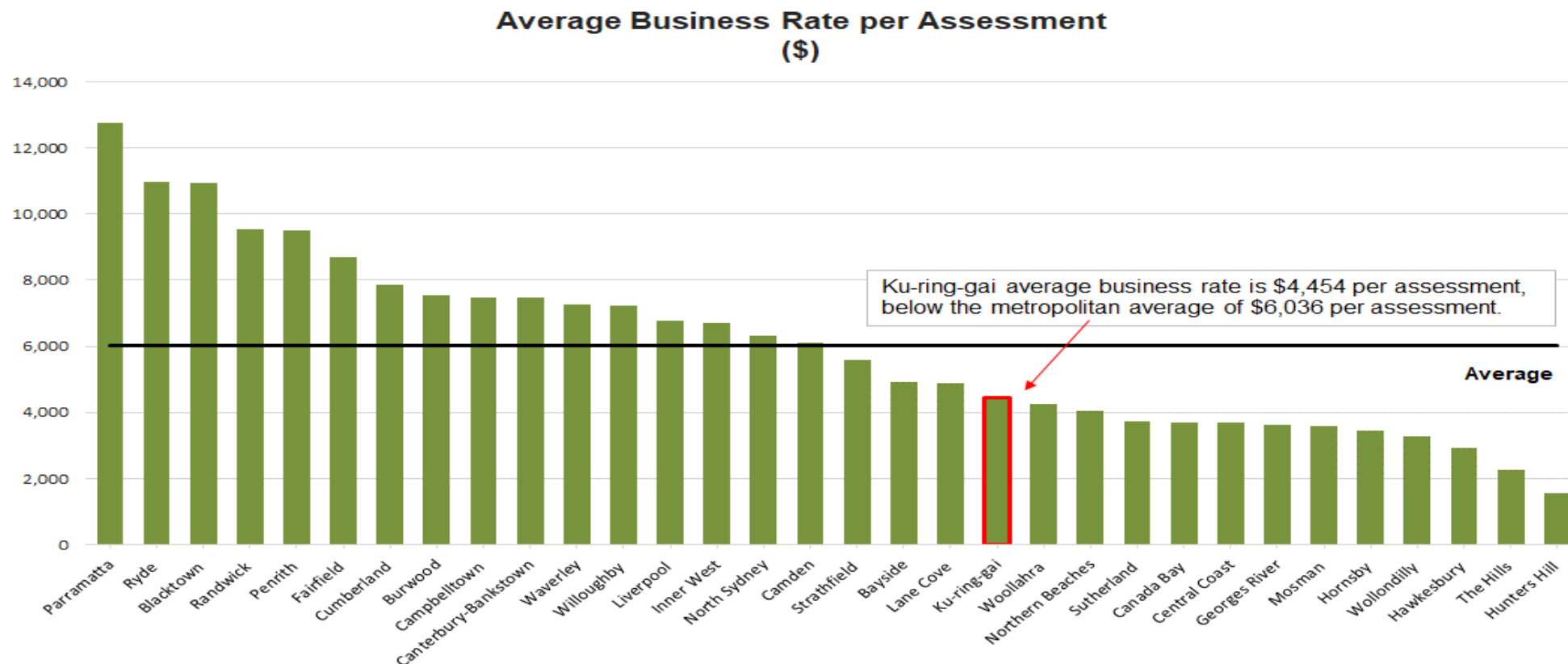
Ku-ring-gai's average residential rate per assessment is above the Sydney average however below comparable councils with higher land values



OLG comparative data 2023-24. Includes metropolitan and metropolitan fringe councils (excludes outlier City of Sydney. No data provided for Blue Mountains)

Average business rate per assessment

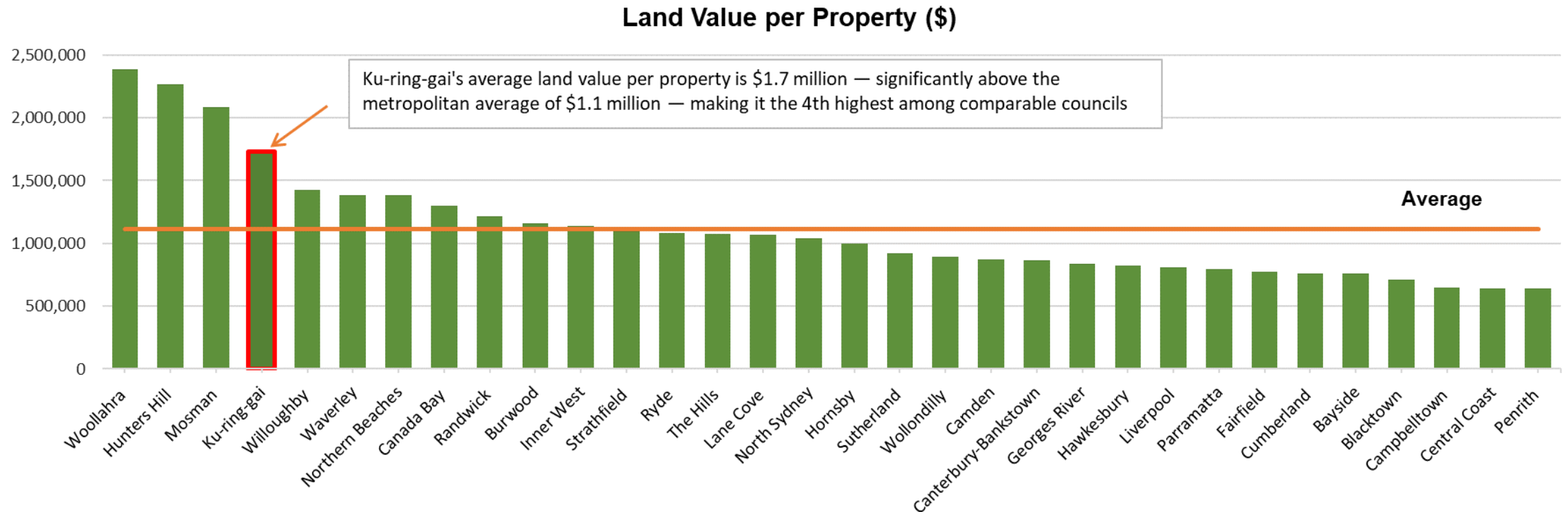
Ku-ring-gai's average business rate per assessment is below the Sydney average



OLG comparative data 2023-24. Includes metropolitan and metropolitan fringe councils (excludes outlier City of Sydney. No data provided for Blue Mountains)

Average land value per property

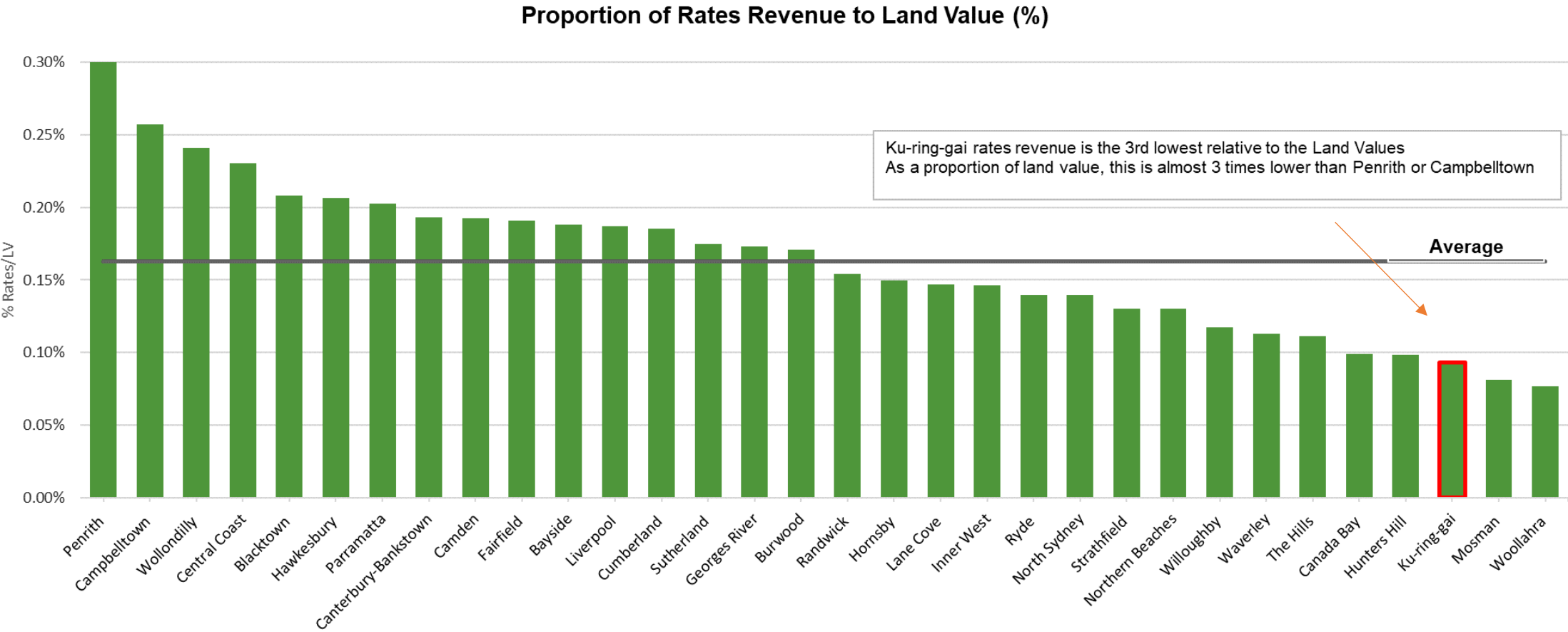
Ku-ring-gai's average land value per property is above the Sydney average



OLG comparative data 2023-24. Includes metropolitan and metropolitan fringe councils (excludes outlier City of Sydney. No data provided for Blue Mountains)

Low rates income from high land value

Ku-ring-gai's average rates, as a proportion of land value, is well below the Sydney average



OLG comparative data 2023-24. Includes metropolitan and metropolitan fringe councils (excludes outlier City of Sydney. No data provided for Blue Mountains)

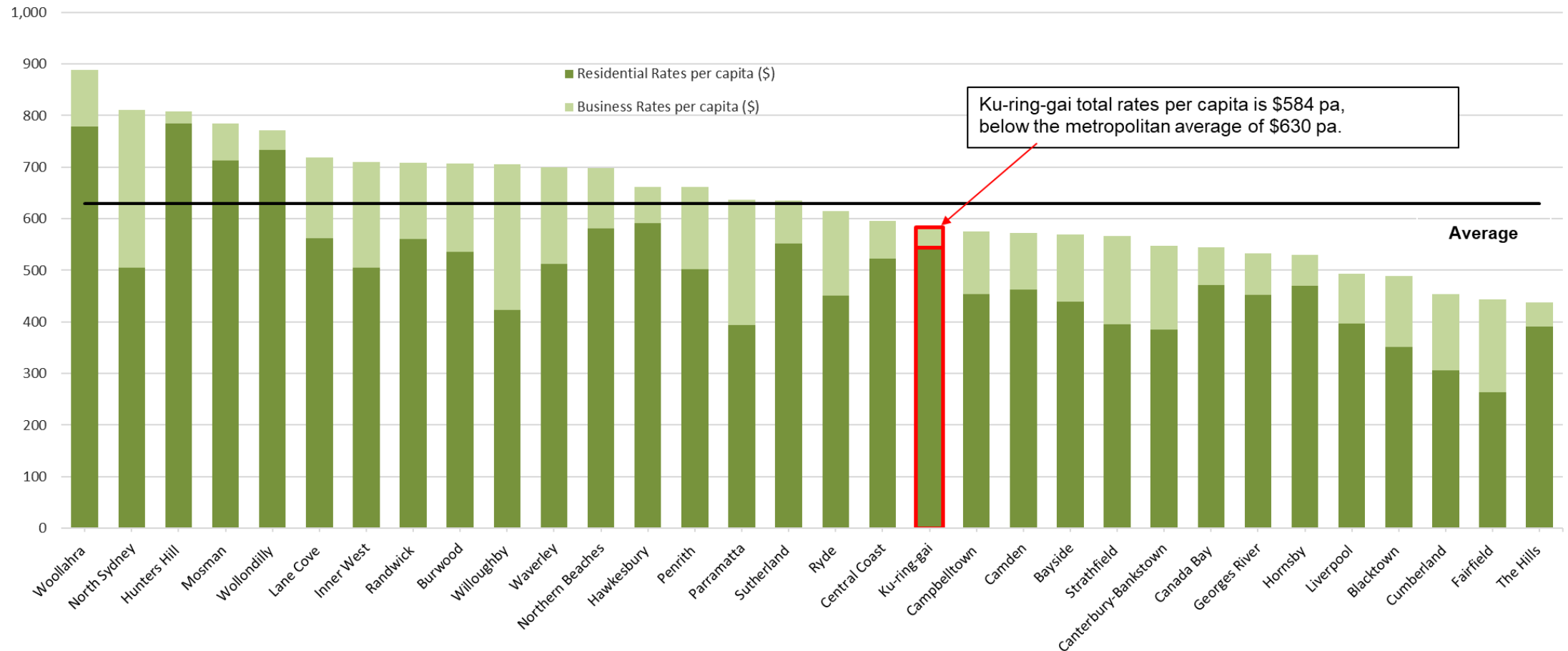
Low rates income vs high land values

Key points

- Ku-ring-gai has the **4th highest land value** among Sydney metropolitan councils but ranks **3rd lowest in rates** charged for each dollar of land value.
- Ku-ring-gai's average land value per property is \$1.7 million — 56% higher than the Sydney average of \$1.1 million
- However, Ku-ring-gai's average residential rates are only 13% higher than the Sydney average (\$1,539 vs \$1,359).
- Land values have more than tripled (240%) over the past decade, but rates revenue has only increased by 30%.
- Council collects less rates revenue per dollar of land value than most Sydney councils
- There is an imbalance between the wealth in the area and what Council collects in rates.

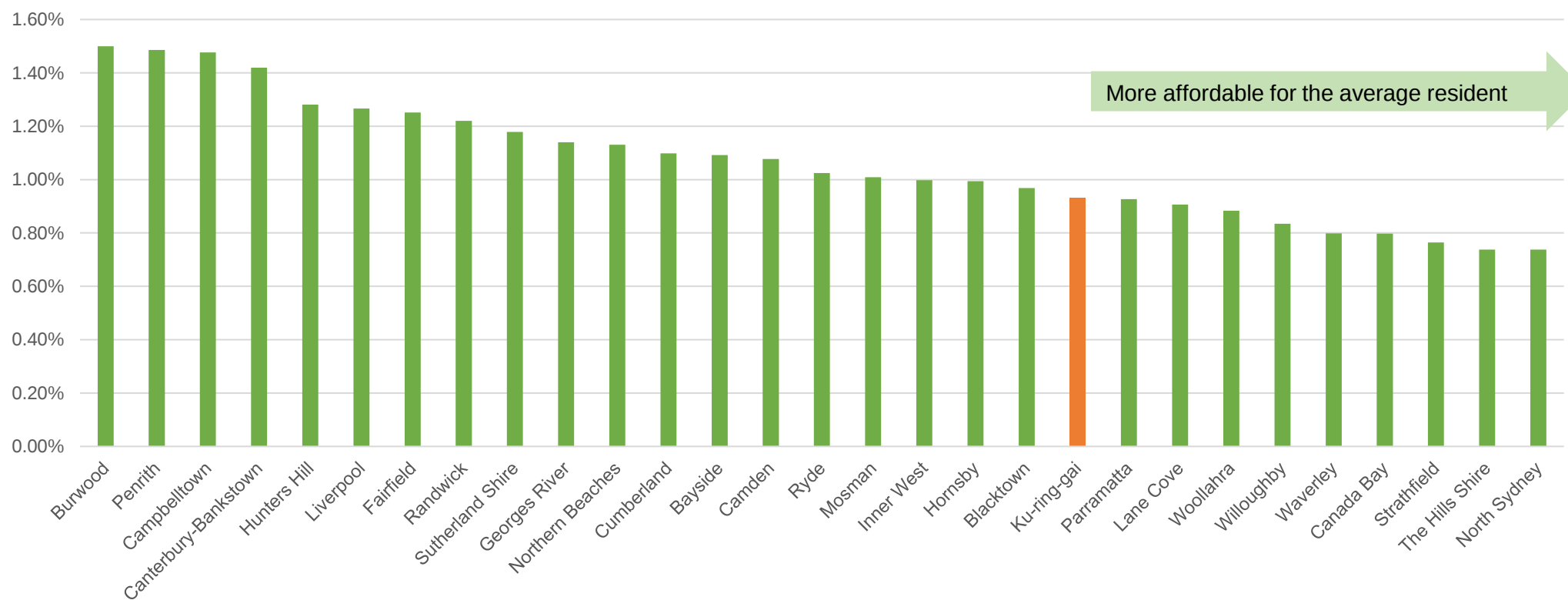
Low rates revenue per capita

Ku-ring-gai's total rates revenue per capita is 7% below the Sydney average, an indication that Council has comparatively less capacity, compared to most other Sydney council areas, to service the needs of its population through its rates revenue



Affordability (residential rates to income ratio)

In 2021/22 (the last year for which Census income data was available) Ku-ring-gai residential ratepayers, on average, paid 0.93% of their weekly total household income on residential rates. This was one of the more affordable 'rates to income' ratios in the Sydney area.



Rates to income ratio is calculated as the proportion of average residential ordinary rates (weekly) in 2021/22 (source: NSW Office of Local Government, yourcouncil.nsw.gov.au) of median total household income (weekly) (source: 2021 Census of Population and Housing Community Profiles). It provides a comparison of the affordability of rates for the average resident in each LGA, and an approximation of proportion of total earnings payable as rates by the average resident in 2021. There will have been recent shifts due to rates increases under the cap and the commencement of SRVs for some Councils, and there are variances between councils due to subsidisation of residential rates by other ratings categories and sources of income (e.g. parking).

Rates per capita is below average

Key points

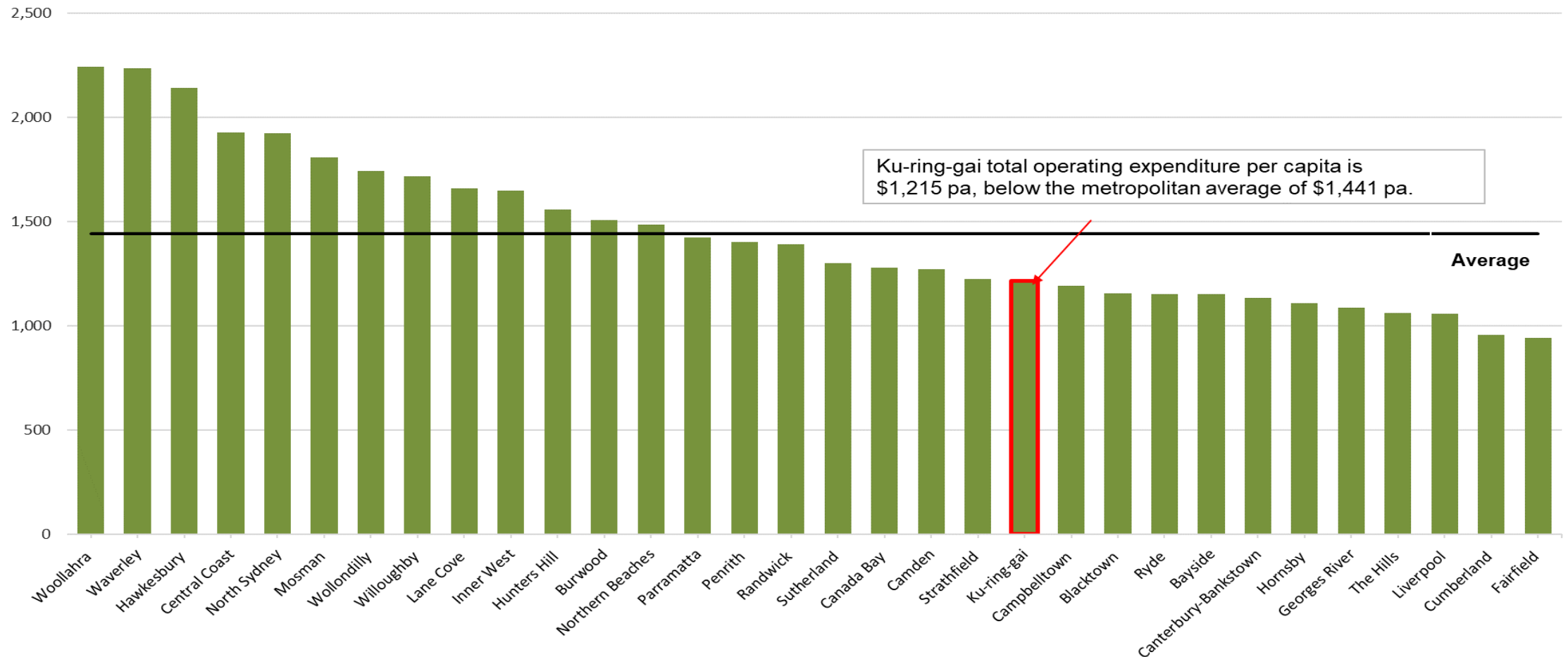
- Ku-ring-gai's residential rates revenue per capita was \$584 in 2023/24, which was 7.3% below the Sydney average of \$630.
- Business rates revenue per capita is only \$40, which is 68% below Sydney average of \$128.
- This is an indication that Council has comparatively less capacity, compared to most other councils, to service the needs of its population through its rates revenue.
- Despite higher land values, households in Ku-ring-gai area spend less than 1% of income (0.93%) in rates.
- This indicates residents can afford a modest increase in rates to ensure services and infrastructure are maintained and improved.

Council expenditure information

- How Council is seeking to contain costs

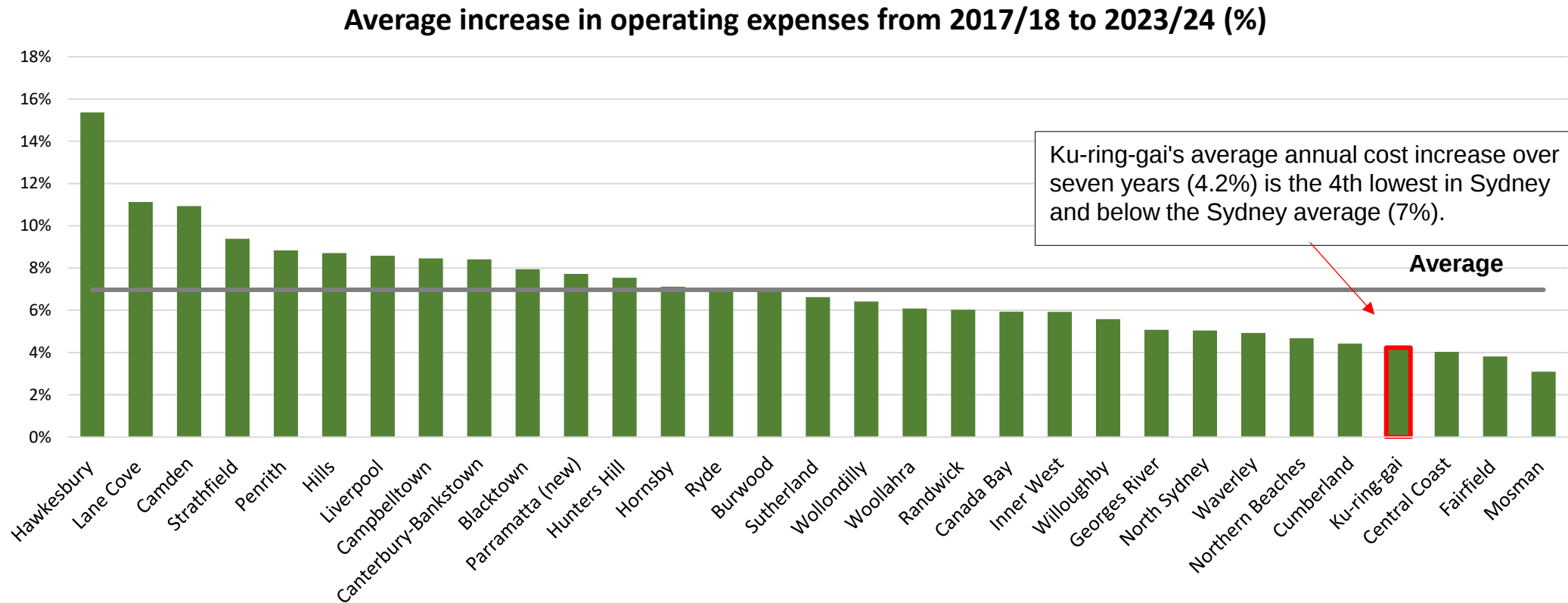
Low operating expenditure per capita

In 2023/24, Council had an operating expenditure per capita 16% less than Sydney average. This suggests that Council is delivering services more cost-effectively than comparable councils.



Low operating expenditure increases

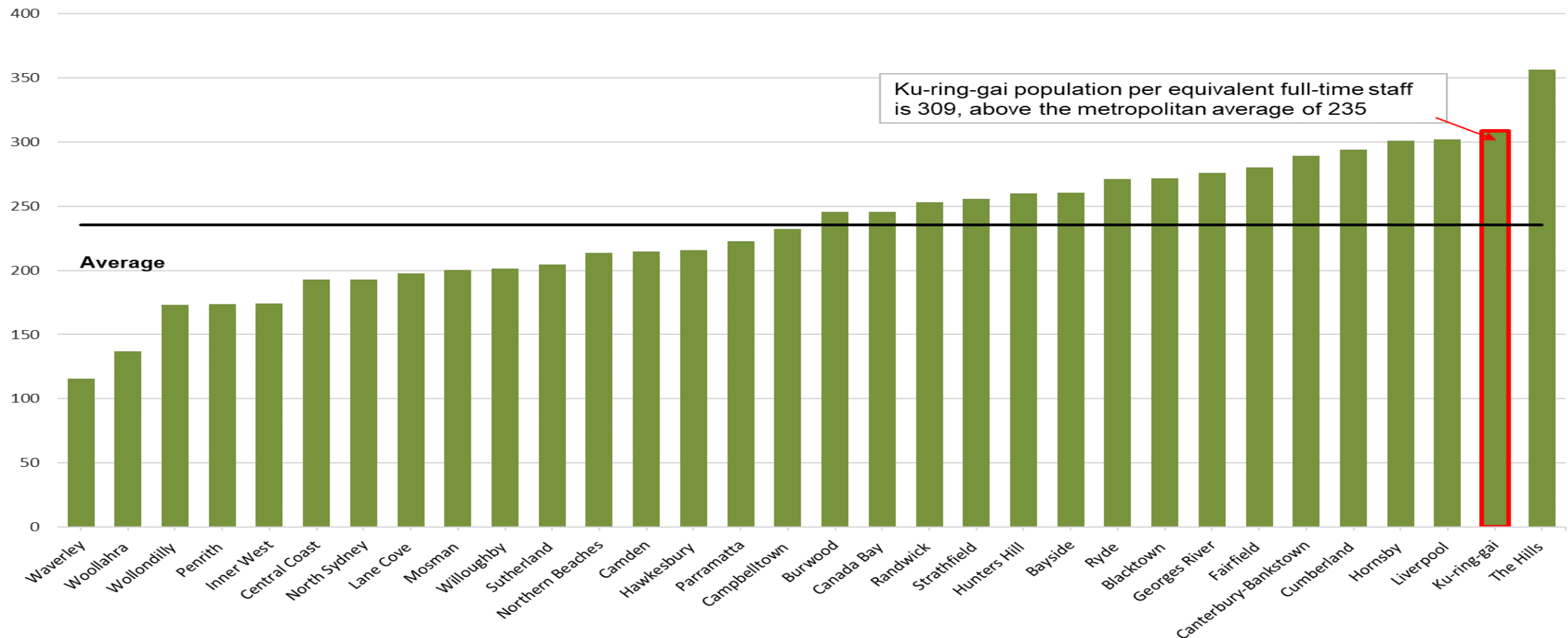
In recent years, Ku-ring-gai has had the 4th lowest average annual increase in operating expenditure out of any Sydney council, which is a sign of cost containment and efficiency.



Information source: Office of Local Government comparative information data 2023/24, includes metropolitan and metropolitan fringe councils, excludes outlier City of Sydney. No data supplied by Blue Mountains

High population per staff ratio

In 2023/24, each Ku-ring-gai staff member serviced 309 residents, the second highest in Sydney. This suggests each staff member is handling a larger workload, and the organisation is operating more efficiently.



Key points on efficiency

- 16% lower spending per capita than Sydney metropolitan Council average, suggesting a more cost effective service delivery
- Annual costs increase: 4.2% average annual increase over the last 10 years, 4th lowest in Sydney (average is 7%)
- Staff efficiency: Each staff member serves 309 residents, 2nd highest staff to population ratio in Sydney
- This suggests Council is already operating efficiently, has a lean staffing structure and there is limited scope to cut further costs
- However additional initiatives aimed at containing costs and optimising revenue are underway

Productivity and cost containment

Council has robust processes in place to maximise non-rate revenue and contain costs, including:

- **Maximising income:** Efficient use of Council properties and fair pricing for services (e.g. rental income, tennis fees, golf fees).
- **Containing costs:** Overall expenditure and staffing costs lower than comparable councils. Stormwater & buildings review, strict budget control
- **Securing external funding:** Actively pursuing grants for projects and programs.
- **Continuous improvement:** Regularly reviewing projects and programs to find savings and enhance delivery; undertake service reviews

Understanding the rate increase options

- Summarising the rate increase options currently on public exhibition.

What is a Special Rate Variation (SRV)?

- A Special Rate Variation (SRV) enables councils to increase rates income beyond the rate peg.
- SRVs are essential for funding critical priority projects and services when the rate peg is not enough.
- Councils must engage with the community and build a case for an SRV.
- IPART approval is required for all SRVs.
- There have been 90 SRV applications by NSW councils over ten years.
- SRVs can be:
 - Temporary (fixed amount, fixed period).
 - Permanent (fixed amount, added to the rate base).

Proposed rate increase options currently on exhibition

For the above reasons, Council is considering four rate increase options to commence from 2026/27

	Rate peg (assumed)	Special Rate Variation	Total increase
Option 1 – Deteriorating Infrastructure	3%	N/A	3%
Option 2 - Renew Infrastructure	3%	19%	22%
Option 3 - Renew and Enhance infrastructure	3%	26%	29%
Option 4 - Renew, Enhance and Expand infrastructure	3%	30%	33%

How an SRV would work

- **Dedicated to infrastructure:** Funds only for renewal, maintenance, and upgrades of infrastructure
- **One-time increase (from July 2026):** The proposed increase would be applied once in July 2026 and become a permanent part of Council's rate revenue.
- **Future increases (post-2026):** From July 2027 onwards, rates would only increase by the standard NSW Government rate peg (Council estimates 3% per year).

OPTION 1

Deteriorating Infrastructure

- This is a 'base case' option which extends Council's current revenue and expenditure operating model over the next ten years.

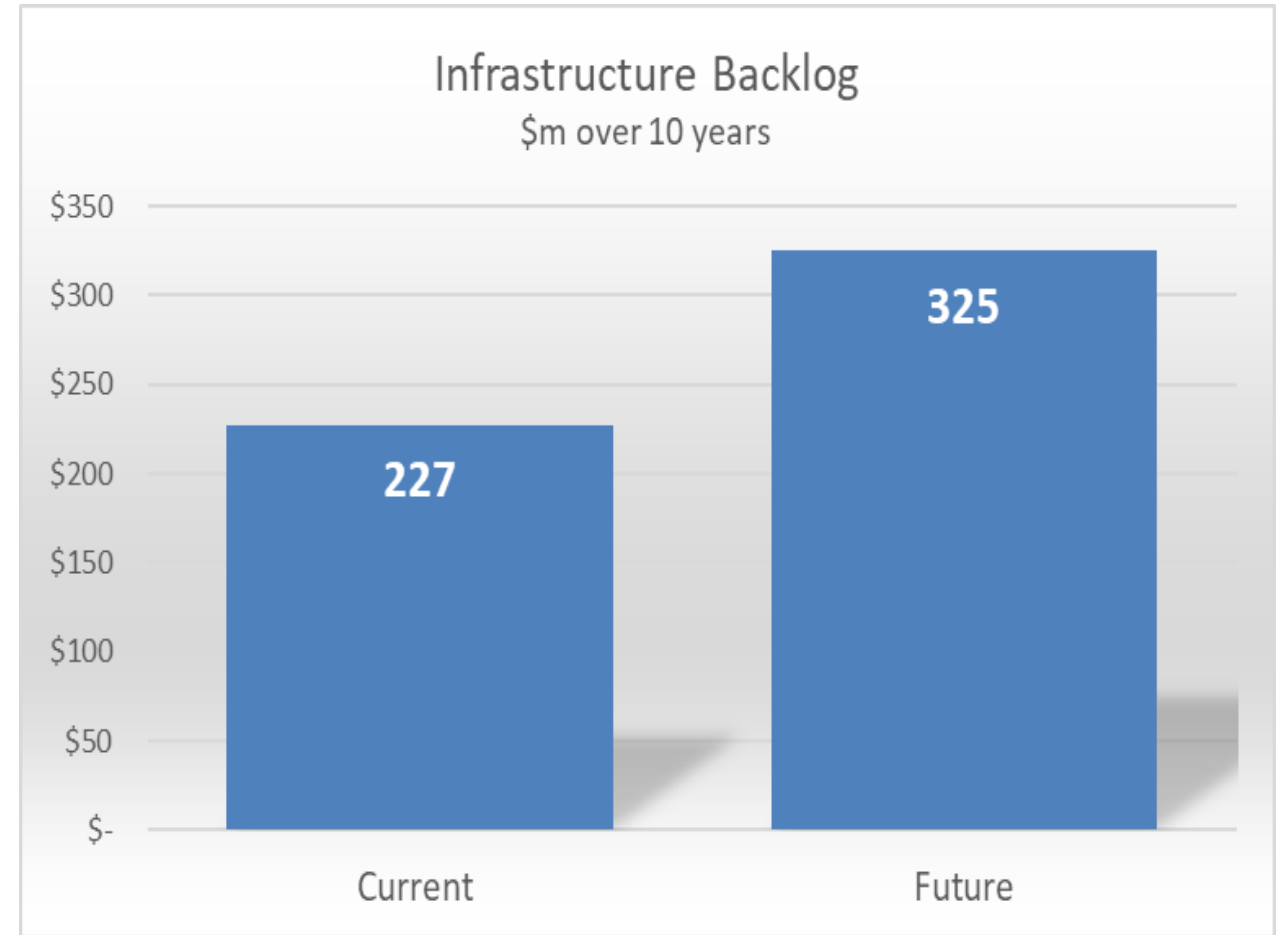
Option 1 – Overview

An assumed 3% rate increase in line with the rate peg which will deliver an ongoing decline in the quality and performance of local infrastructure.

- Average \$2.3 million operating deficits and worsening financial position over time.
- Insufficient funds for essential maintenance and renewal of community assets.
- Ongoing decline in quality of local infrastructure, including service disruptions and failures.
- Council would be forced to pursue other means of cost cutting or revenue raising to address infrastructure decline.
- This may include reducing services, increasing user fees and possibly selling assets to redirect funds towards critical infrastructure.
- However, these measures are unlikely to be adequate to address the infrastructure funding gap.
- **Average residential 2026/27 ratepayer impact:** \$52 increase (or \$1 per week) including the peg.

Option 1 – Infrastructure backlog

- Infrastructure backlog is an estimate of a practical cost to renew unsatisfactory (that Condition 4 and 5) assets to an excellent or very good condition (Condition 1).
- As of 2023/24, \$227 million was needed for this purpose.
- If no additional funding or action is taken, this backlog is projected to grow to \$325 million by 2034/35.



Option 1 – Infrastructure outlook

Footpaths	Ongoing deterioration	Increase in cracked, uneven and broken surfaces
Buildings	Ongoing deterioration	Continued decline in condition, less functional, failure to meet disability and building codes
Parks and recreation facilities	Ongoing deterioration	Continued decline in condition of surfaces and equipment
Stormwater drains	Ongoing deterioration	Reduced capacity and risk of localised flooding
Kerb and gutter, parking, road structures and bridges	Ongoing deterioration	Increase in unsightly assets and decline in structural integrity over time
Roads	Sufficiently funded	Improvement journey to satisfactory condition underway

Option 1 - Stormwater

Current state of stormwater network:

- Much of Council's stormwater infrastructure has not been renewed since it was first built the early to mid-1900s.
- External review with CCTV and independent condition data completed 2022-24.
- More than 40% of network in an unsatisfactory condition, due to issues include pipe blockages, joint failure and cracking, and tree root and other foreign object intrusion.

Option 1 impact:

- Increased risk of service failures
- Increased flooding, road closures and impacts on homes and businesses.
- More potholes and sinkholes, subsidence and road repairs.



Option 1 - Buildings

Current state of Council buildings:

- Council manages more than 300 buildings, including amenities blocks, libraries, community halls and childcare centres.
- Council in 2023/24 engaged independent asset consultants to review its building portfolio.
- This review found many buildings are in a poor condition, not fully functional and don't meet modern standards (including accessibility).
- 53% of buildings need capital upgrades (refurbishment or demolition and rebuild).

Option 1 impact:

- Insufficient maintenance and funding will worsen building portfolio condition and increase long-term costs.
- Council will have a limited ability to bring public buildings to modern standards, including accessibility and energy efficiency.



Kent Oval amenities



Wade Lane Gordon toilet block

Option 1 - Recreational facilities

Current state of recreational facilities:

- Recreational facilities comprise all assets within sports fields, parks and bushland locations.
- This includes ovals, golf courses, playgrounds, playing courts, walking tracks, fire trails and the Ku-ring-gai Sports and Aquatic Centre.
- Council's Long Term Financial Plan shows a significant shortfall in funding for renewing facilities.



Option 1 impact:

- Worsening issues with playing surfaces and amenity areas.
- Breakdown and failure of essential infrastructure within facilities.
- Increased risks for public use due to the deteriorated condition.



Option 1 - Footpaths

Current state of footpaths:

- Infrastructure backlog of \$6.3 million and increasing.
- About 20% of footpaths expected to transition into unsatisfactory condition in next decade.

Option 1 impact:

- More dangerous footpaths due to lack of renewal.
- Footpaths becoming unusable for some community members.



Option 1 - St Ives Indoor Sports Centre

- Currently under construction. Two new indoor basketball courts, including ancillary rooms, café and car parking.
- Total project budget is \$31.2 million.
- Co-funded with the NSW Government. To fund its share, Council secured a \$13.5 million loan.
- Council planned to repay \$1.46 million in annual loan repayments through a Special Rate Variation (SRV).

Option 1 impact:

- If SRV option is not approved, funding for St Ives Indoor Sports Centre loan repayments will need to come from general revenue, further diminishing funding available for other infrastructure renewal.



OPTION 2

Renew Infrastructure

- A 22% rate increase to boost infrastructure renewal across buildings, stormwater, recreational facilities and footpaths and fund the St Ives Sports Centre.

Option 2 - Overview

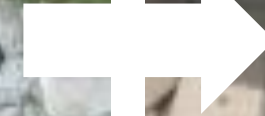
A 22% rate increase to boost infrastructure renewal for existing buildings, stormwater, recreation and footpaths and fund the St Ives Sports Centre.

- 22% rate increase, inclusive of a 3% rate peg, generating \$16.5 million additional annual revenue, starting in 2026/27.
- Improved community outcomes through increased annual renewal funding for the following existing infrastructure:
 - Buildings: \$6.7 million
 - Stormwater: \$5.9 million
 - Recreational facilities: \$1.5 million
 - Footpaths: \$0.94 million
- St Ives Indoor Sports Centre Loan: \$1.46 million (partial repayment of \$13.5 million loan).
- Council's infrastructure backlog would reduce from \$227 million in 2023/24 to \$175 million in 2034/35 (a decrease of 23%).
- **Average residential 2026/27 ratepayer impact:** \$378 increase (or \$7.27 per week) including the peg.

Option 2 - Stormwater drainage

Under this option, Council can undertake vital stormwater upgrades at a much greater scale:

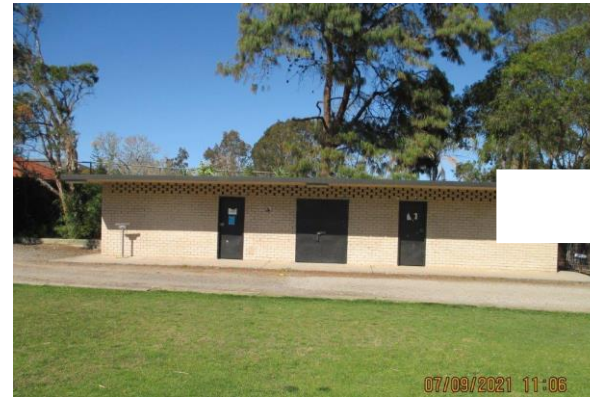
- We can fix approximately seven times more stormwater pipes each year (from 900m to 6.9 km).
- We can repair or replace over eight times more kerb inlet pits annually (from 30 to 250).
- Council would prioritise relining stormwater pipes to save money.



Option 2 - Buildings

Under this option, Council can accelerate the renewal and upgrades of buildings such as halls, public toilets and pavilions:

- Current funding only allows for around two building upgrades per year.
- Under this option, we can upgrade around eight buildings each year.
- Upgrades would prioritise safety, lighting, structural integrity, accessibility, energy efficiency and women's facilities.



Option 2 – Existing footpaths

Under this option, Council can double its footpath renewal rate:

- We can rebuild over twice the amount of footpaths annually from 2.9km² to 6.5km²
- We would prioritise renewal of footpaths in the poorest condition.
- This would directly enhance safety and accessibility for everyone by removing trip hazards and improving surfaces.



Option 2 - Recreational facilities

Under this option, Council could undertake significant upgrades:

- Would fund additional recreational facility improvements, potentially including fencing, lighting, drainage, surface and pathway works.
- Would also fund an additional sports field surface rejuvenation each year.



Option 2 - St Ives Indoor Sports Centre

- **Under this option, Council would fund the loan on the St Ives Indoor Sports Centre**
- Once the loan is repaid in 2031/32, annual former loan repayment funding of \$1.46 million would be reinvested in infrastructure renewal



Option 3

Renew and Enhance Infrastructure

- A 29% rate increase to deliver the infrastructure renewals under Option 2, plus additional upgrades to recreational facilities and footpaths, as well as new footpaths and other infrastructure.

Option 3 - Overview

A 29% rate increase to deliver the infrastructure renewals under Option 2, plus additional upgrades to recreational facilities, as well as new footpaths and other infrastructure.

A 29% increase, including an assumed 3% rate peg, generating \$22.6 million additional annual revenue, starting in 2026/27.

Includes all benefits of Option 2, plus additional renewal and upgrades:

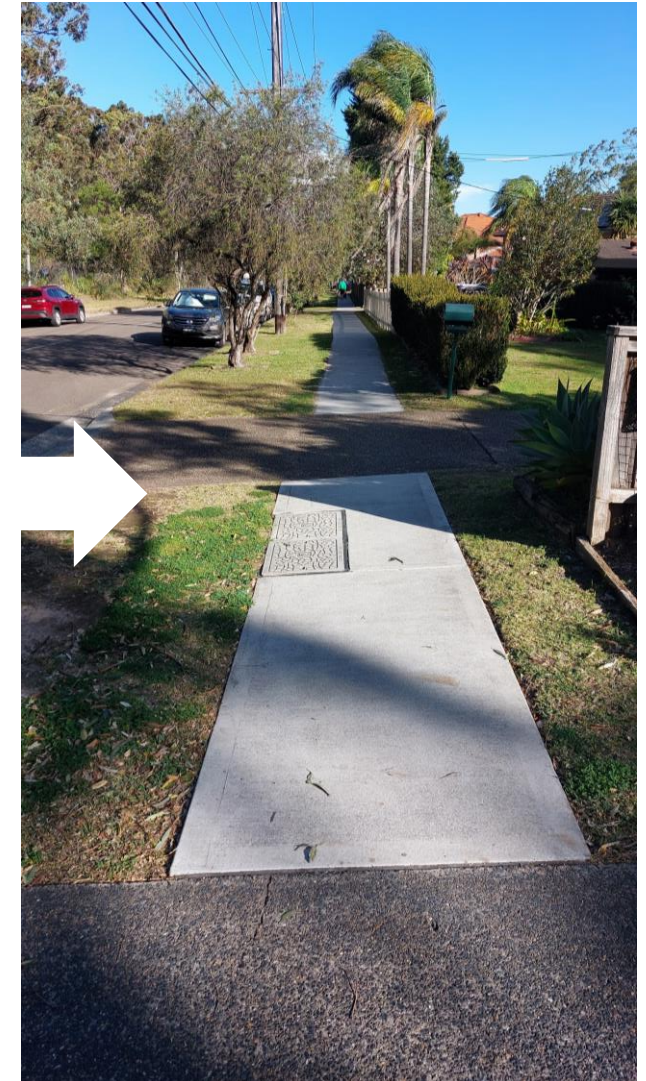
- Recreational facilities: Extra \$600,000 per year
- New footpaths: \$3.8 million in annual funding.
- Other infrastructure upgrades: \$1.7 million annually for traffic and transport works and other priorities (to be determined).
- Council's infrastructure backlog would reduce from \$227 million in 2023/24 to \$174 million in 2034/35 (a decrease of 23%).

Average 2026/27 residential ratepayer impact: \$499 per year (\$9.60 a week) including the peg.

Option 3 – New footpaths

Under this option, Council can build new footpaths on more streets:

- Build new footpaths on around 40 streets, a significant increase from the current 12-14 streets per year.
- This would ensure all streets have a footpath on at least one side by 2045 (instead of 2082 without this funding).
- Focus on areas of high pedestrian traffic, including near transport hubs, shops, schools, hospitals, nursing homes and parks.



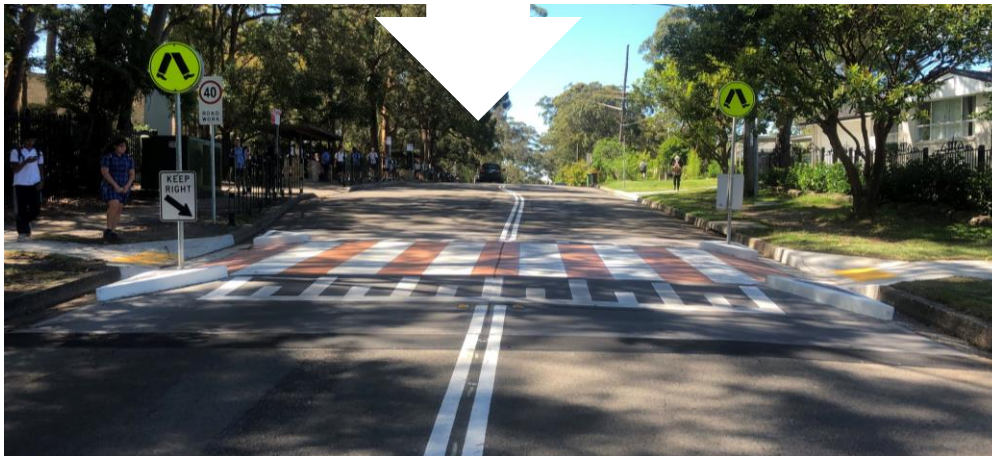
Option 3 – Recreational facilities

Under this option, Council can spend an additional \$600,000 on recreational facilities.

This will allow Council to deliver additional recreational facility improvements, and the potential for an extra sports field surface rejuvenation.



Option 3 – Other infrastructure



- Under this option, \$1.7 million would be allocated annually for other infrastructure upgrades (for example traffic and transport works).
- This would include traffic and pedestrian safety improvements.

Option 4

Renew, Enhance and Expand Infrastructure

- A 33% rate increase to deliver the infrastructure renewals under Option 3, plus additional other infrastructure and fund the construction and operation of Marian Street Theatre.

Option 4 - Overview

A 33% rate increase to deliver the infrastructure renewals under Option 3, plus additional other infrastructure and fund the construction of Marian Street Theatre

A rate increase of 33%, including an assumed 3% rate peg, generating \$26.3 million additional annual revenue, starting in 2026/27.

Includes all benefits of Option 3, plus additional upgrades:

- Additional \$700,000 annually for traffic works and other infrastructure
- Marian Street Theatre redevelopment: \$2.98 million annually to service loan repayments for its construction and an ongoing operational subsidy.

Average residential ratepayer impact: \$568 increase (\$10.92 a week) including peg.

Option 4 - Marian Street Theatre



- Under this option, Council would fund a loan for the Marian Street Theatre redevelopment.
- Venue has been closed since 2013.
- Proposed to create a vibrant, multi-use arts venue with a focus on drama, featuring multiple rehearsal and performance spaces.
- This option would deliver \$2.98m per year to fund a \$30.36m loan to construct the venue, plus an annual ongoing operational subsidy from 2028/29 once the venue opens.
- Once the loan is repaid in 2045/46, surplus funding would be reinvested in other infrastructure renewal



Summary of Special Rate Variation options

	Annual SRV amount	Rate increase (including peg)	Average residential rate increase (including peg)	Buildings (for example halls, amenities and pavilions)	Stormwater and drainage	Footpaths (existing)	Recreational facilities (for example sports fields, parks and open space)	St Ives Indoor Sports Centre *	Footpaths (new)	Other infrastructure upgrades (for example traffic and transport works)	Marian Street Theatre *
Renew Infrastructure	\$16.5m	22%	\$378	\$6.7m	\$5.9m	\$0.94m	\$1.5m	\$1.46m			
Renew and Enhance Infrastructure	\$22.6m	29%	\$499	\$6.7m	\$5.9m	\$0.94m	\$2.1m	\$1.46m	\$3.8m	\$1.7m	
Renew, Enhance and Expand Infrastructure	\$26.3m	33%	\$568	\$6.7m	\$5.9m	\$0.94m	\$2.1m	\$1.46m	\$3.8m	\$2.4m	\$2.98m
Additional annual funding allocation											

* Note: Loan repayments until expiry, with future funding reinvested in infrastructure renewal

Average impact on residential rates

The table below shows the average annual impact of each scenario for each residential ratepayer in 2026/27.

	Increase due to assumed 3% rate peg	Increase due to Special Rate Variation	Total increase
Option 1 – Deteriorating Infrastructure	\$52	\$0	\$52
Option 2 - Renew Infrastructure	\$52	\$326	\$378
Option 3 - Renew and Enhance infrastructure	\$52	\$447	\$499
Option 4 - Renew, Enhance and Expand infrastructure	\$52	\$516	\$568

*Note: This excludes business rates (for commercial, industrial or retail activities) and rebates available for eligible pensioners.

Hardship and pensioner rebates

- Council understands that people may face difficulty paying their rates and charges.
- Council has a hardship policy which outlines the steps and processes Council will consider when people are having difficulty paying their rates.
- Council will be reviewing this policy to make sure it remains fair and accessible to people in genuine need.
- Council provides financial assistance to eligible pensioners by reducing rates, charges, and interest on their principal residence. This includes:
 - A statutory concession of up to \$250
 - An additional voluntary concession which makes up 8.5% of total rates and charges, which in 2025/26, for the average pensioner, was an additional concession of \$146.

Next steps

- Feedback on four rate increase options due by 31 August 2025.
- Council will consider this feedback in October 2025 and may decide on a preferred rate increase option and re-exhibition of Council's Long Term Financial Plan and Delivery Program to reflect this option.
- Any rate increase above the rate peg would need to be approved by the Independent Pricing and Regulatory Tribunal, which will conduct its own independent exhibition process in early 2026.

Questions and answers

**Thank you for your
feedback**