



**Lane Cove
Council**

Late Agenda Ordinary Council Meeting 18 June 2026, 7:00 PM

Council will commence consideration of
all business paper agenda items at 7.00 pm.

7 MAYORAL MINUTES

L.1 MAYORAL MINUTE - EMERGENCY SERVICES LEVY REFORM 3

12 OFFICE OF THE GENERAL MANAGER REPORTS

**L.2 RESPONSE TO NSW OMBUDSMAN SPECIAL REPORT -
INVESTIGATION INTO ENFORCEMENT OF FIRE SAFETY
OBLIGATIONS AT A RESIDENTIAL BUILDING IN LANE COVE 5**

Item No: L.1
Subject: Mayoral Minute - Emergency Services Levy reform
Record No: SU6479 - 44319/26
Division: Lane Cove Council
Author(s): Councillor Merri Southwood

PURPOSE

The purpose of this Mayoral Minute is to inform Council that NSW Treasury has released an Options Paper on Emergency Services Levy reform and is seeking feedback on the five options presented in the paper.

The paper is attached as **AT-1**.

EXECUTIVE SUMMARY

- The NSW Government has recently released an Options Paper proposing reforms to the Emergency Services Levy (ESL), which currently funds Fire and Rescue NSW, the NSW Rural Fire Service and the NSW State Emergency Service through a combination of insurance premiums, local government contributions and State Government funding.
- Council supports a funding model that delivers equitable outcomes across NSW, but considers the impacts on different property types, including residential, strata, commercial, community and council-owned properties, should be clearly understood through transparent modelling before any model is adopted.
- Council does not support the collection of any new levy through council rate notices. This would create additional administrative burdens for councils, risk confusion for ratepayers, and may give the impression that the levy is a council charge rather than a State Government levy.
- It is recommended that Council lodge a submission, highlighting the points made in the report, to the Parliamentary Select Committee on the matter.

RECOMMENDATION

That Council:

- 1) notes the NSW Treasury Options Paper on Emergency Services Levy reform.
- 2) supports reform of the Emergency Services Levy in principle, including the removal of the levy from insurance premiums and the removal of the current local government contribution.
- 3) notes Lane Cove Council's ESL contribution will increase by \$155,674 or approximately 12.9% in 2026/27.
- 4) notes concerns regarding the impacts of a land value-based levy on some Lane Cove property owners and supports transparent modelling of those impacts.
- 5) supports Revenue NSW administering any replacement levy.
- 6) opposes collection of the levy through council rate notices.
- 7) authorises the General Manager, in consultation with the Mayor, to lodge a submission to the Parliamentary Select Committee.

DISCUSSION

In April 2026, the NSW Government released an Options Paper proposing reforms to the Emergency Services Levy (ESL), which currently funds Fire and Rescue NSW, the NSW Rural Fire Service and the NSW State Emergency Service through a combination of insurance premiums, local government contributions and State Government funding.

The current model has attracted criticism because it increases insurance costs, may contribute to underinsurance, and imposes a significant cost on councils.

For Lane Cove Council, the ESL contribution will increase by \$155,674 from \$1,207,066 in 2025/26 to \$1,362,740 in 2026/27, (a 12.9% increase), funded from general rate revenue. The proposed reforms would replace the current system with a broader property-based levy.

Council supports reform in principle, including removing the levy from insurance premiums and eliminating the current local government contribution. However, the design and understanding of any replacement model is critical.

As a relatively high-property value area with a growing proportion of strata and apartment housing, Lane Cove could be disproportionately impacted under some land value-based models. Council supports a funding model that delivers equitable outcomes across NSW, but considers the impacts on different property types, including residential, strata, commercial, community and council-owned properties, should be clearly understood through transparent modelling before any model is adopted.

Council also supports appropriate concessions, hardship provisions and transition arrangements for pensioners and vulnerable households to avoid sudden and significant increases in costs. Council does not support the collection of any new levy through council rate notices. This would create additional administrative burdens for councils, risk confusion for ratepayers, and may give the impression that the levy is a council charge rather than a State Government levy. Council's view is that Revenue NSW should be responsible for the administration, billing, collection and debt recovery of any replacement levy. This is a view shared by LGNSW as well.

Given the potential financial, administrative and community impacts of the proposed reforms, it is appropriate for Council to make a submission to the Parliamentary Select Committee on Emergency Services Funding Reform. Council supports a model that is equitable, transparent, simple to administer and capable of providing sustainable long-term funding for NSW emergency services.

Councillor Merri Southwood
Councillor

ATTACHMENTS:

AT-1 [View](#) Emergency services funding reform - Options paper -
NSW Treasury April 2026

Available
Electronically

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RESPONSE TO NSW OMBUDSMAN SPECIAL REPORT - INVESTIGATION INTO
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Item No: L.2
Subject: Response to NSW Ombudsman Special Report - Investigation into enforcement of fire safety obligations at a residential building in Lane Cove
Record No: SU10015 - 45169/26
Division: Office of the General Manager
Author(s): Louise Kerr

PURPOSE

The purpose of this report is to seek Council's endorsement of the response to the NSW Ombudsman's Special Report, *Investigation into Enforcement of Fire Safety Obligations at a Residential Building in Lane Cove*, which was tabled in the NSW Parliament on 29 May 2026

EXECUTIVE SUMMARY

- On 29 May 2026, the NSW Ombudsman tabled a Special Report in Parliament following an investigation into Council's compliance with, and regulation of, fire safety obligations at the mixed-use strata development located at 1–5 Pottery Lane, Lane Cove. The building was co-developed by Council and is located on council-owned land.
- The period of the Ombudsman's Investigation was from 2018 to 2025.
- The Ombudsman found that the conduct of Council was unreasonable because it failed to address non-compliance of the fire safety measures with performance standards and address fire related defects within the premises and failed to exercise its discretion to take enforcement action against the owners of the premises (including itself) under the Environmental Planning and Assessment (Development Certification and Fire Safety) Regulation 2021.
- The Ombudsman also found that Council acted contrary to law by failing, in its capacity as owner of Lots 1–5 and as the majority owner and member of the Building Management Committee, to provide Annual Fire Safety Statements for a period 2018–2025, as required under the Environmental Planning and Assessment (Development Certification and Fire Safety) Regulation 2021.
- The Ombudsman has made six recommendations to Lane Cove Council.
- Council acknowledges that the systems and processes in place during the period of the investigation were inadequate and resulted in Council not meeting its statutory obligations.
- Council accepts the seriousness of the Ombudsman's findings and is committed to implementing ongoing improvements to its governance, regulatory processes, and the management of conflicts of interest.
- A formal response to the NSW Ombudsman has been prepared and is tabled for the consideration of Council.

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RECOMMENDATION

That Council:

1. notes and accepts the findings and recommendations of the NSW Ombudsman's Final Report on the "Investigation into Enforcement of Fire Safety Obligations at a Residential Building in Lane Cove" which was tabled in the NSW Parliament on 29 May 2026.
2. formally apologises to the Owners of SP91522 for acting contrary to law and the unreasonableness of Council's actions as an owner within the premises known as 1-5 Pottery Lane, Lane Cove ("the Premises") in respect of:
 - (a) failure to take enforcement against the Premises' owners (including itself and the Owners of SP95211) under the Environmental Planning and Assessment (Development Certification and Fire Safety) Regulation 2021, contrary to its usual Enforcement Policy approach; and
 - (b) failure as an owner of lots 1-5, and majority owner and member of the Building Management Committee, to provide annual fire safety statements for the Premises for the years 2018-2025 in accordance with the Environmental Planning and Assessment (Development Certification and Fire Safety) Regulation 2021.
3. endorses the attached Response to the NSW Ombudsman and the Implementation and Action Plan.
4. receives a further report when the Implementation and Action Plan has been completed to the satisfaction of the NSW Ombudsman.

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BACKGROUND

The Ombudsman's investigation concerned Council's conduct regarding fire safety compliance at the mixed-use development located at 1–5 Pottery Lane, Lane Cove.

The development was constructed on Council-owned land and involved Council acting in multiple capacities, including landowner, co-developer, member of the Building Management Committee and consent authority.

The investigation examined Council's management of identified fire safety defects, compliance with statutory obligations and the exercise of regulatory powers available under the Environmental Planning and Assessment framework. Council cooperated with the Ombudsman during the investigation.

The Ombudsman Report concluded that Council's conduct constituted maladministration. The Ombudsman acknowledged that Council has since undertaken significant remediation works to the building and has made progress towards improvement.

The Findings and Recommendations of the Ombudsman's Special Report follow:

Findings

We found that the conduct of Lane Cove Council was unreasonable within the meaning of s.26 (1)(b) of the Ombudsman Act because the council:

- failed to address non-compliance of the fire safety measures with performance standards and address fire related defects within the premises at 1-5 Pottery Lane, Lane Cove between 2018 and 2025.
- failed to exercise its discretion to take enforcement action against the owners of the Premises (including itself and the Owners of the residential lot SP95221) under the Environmental Planning and Assessment (Development Certification and Fire Safety) Regulation 2021, contrary to its usual Enforcement Policy approach.

We also found that the council acted contrary to law within the meaning of s26(1)(a) of the Ombudsman Act because the council:

- as an owner of lots 1-5, and majority owner and member of the Building Management Committee, failed to provide annual fire safety statements for the Premises for the years 2018-2025 in accordance with the Environmental Planning and Assessment (Development Certification and Fire Safety) Regulation 2021.

Recommendations

We recommend that the Lane Cove Council should:

1. **apologise** to the Owners of SP91255 for the unlawfulness and unreasonableness of its actions as an owner within the Premises.
2. **provide** written confirmation to the Owners of SP91255 of the actions that the council has taken or intends to take to rectify any fire safety issues that may still be outstanding within 1 month.

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3. **provide** the Ombudsman with a copy of the annual fire safety statements for the Premises, along with evidence it has provided a copy of same to Fire and Rescue NSW within 3 months.
4. **provide** the Ombudsman with updates as to the progress made towards implementing the recommendations made by the external auditor in the building compliance and fire safety audit every 6 months until all recommendations are satisfied.
5. **perform** an audit of its fire safety register, not limited to Council-owned properties, and consider whether action should be taken in relation to building owners that have not submitted an annual fire safety statement to the council in the past 12 months.
6. **advise** the Ombudsman of the outcome of the audit within 6 months.

DISCUSSION

Council acknowledges and accepts the findings and recommendations of the NSW Ombudsman Investigation into Council's administrative conduct between 2018 and 2025 relating to the enforcement of fire safety obligations at 1-5 Pottery Lane.

Council acknowledges that the systems and processes in place during the period of the investigation were inadequate and resulted in Council not meeting its statutory responsibilities.

Council accepts the seriousness of the Ombudsman's findings and is committed to implementing ongoing improvements to its governance, regulatory processes, and the effective management of conflicts of interest, and restoring public confidence in its regulatory functions.

Recent steps taken by Council to improve organisational governance include:

- Amending 'Managing Conflicts of Interest for Council Related Development Policy' to strengthen management controls and strategies related to compliance and enforcement actions for Council related developments –adopted by Council on 19 February 2026.
- Commencement of an independent, organisation wide 'Governance Health Check' to ensure Council's governance frameworks remain contemporary, effective, transparent and aligned with legislative requirements and sector best practice.
- Established a new position 'General Counsel' to strengthen governance, manage legal risk and improve decision making.
- Endorsed a draft 'Fire Safety Policy' to provide guidance to building owners regarding fire safety obligations and to formalise Council's regulatory role in relation to fire safety statements, compliance investigations and enforcement activities – draft policy is currently on public exhibition as per Council resolution of 21 May 2026.
- Provisions of additional resources to the Regulatory Team in 2026/27 – as proposed in the 2026/27 Budget to be endorsed on 18 June 2026.

Significant actions have been taken by Council to complete the fire safety building defects required to be completed as part of the Building Works Rectification Order (BWRO) issued by the NSW Building Commissioner to Lane Cove Council in May 2024.

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All work required under the BWRO has been completed, however there is one matter that prevents the issuance of an Annual Fire Safety Statement at this time. Work to address the matter is substantially complete with the Building Management Committee and Council awaiting a review by an engineer. It is expected that once this matter is resolved, an Annual Fire Safety Statement will be issued for the building and the BWRO will be satisfied.

Implementation and Action Plan

Council accepts the Ombudsman recommendations. Attached to this report is an Implementation and Action Plan which will be sent to the NSW Ombudsman as required under section 26(5) of the Ombudsman Act 1974.

The Plan sets out the recommendations, actions and timing for implementation and updates to the NSW Ombudsman.

FINANCIAL CONSIDERATIONS

The cost of rectification works related to fire safety defects (to date) is \$161,395.

Most of the actions identified in the Implementation and Action Plan (including the engagement of an independent building consultant) can be accommodated within existing operational budgets and resources.

GOVERNANCE AND RISK CONSIDERATIONS

The Ombudsman's report highlights the importance of maintaining robust governance arrangements where Council exercises multiple and potentially competing roles.

Council is committed to continuing to address the issues that have been raised in the Ombudsman's Investigation to improve administrative processes, systems and procedures.

ENVIRONMENTAL CONSIDERATIONS

The subject of this report has no environmental implications for Council.

SOCIAL CONSIDERATIONS

The subject of this report has no social implications for Council.

TIMING

In accordance with section 26(5) of the Ombudsman Act 1974, Council is required to provide the Ombudsman initial advice on acceptance of the recommendations by 25 June 2026.

The Ombudsman Recommendations contain timeframes in which recommendations are to be actioned, and Council is required to provide the Ombudsman with updates on progress of implementation.

Council will report to the Ombudsman every 3 months on progress towards implementation of the recommendations until such date as all accepted recommendations have been implemented. Progress reports will be sent by 18 September 2026 and 18 December 2026.

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LINK TO STRATEGY

This report relates to the Community Strategic Plan Outcome/s and Goal/s:

- 6 Our Council - A Leading Council that Engages its Community to Deliver Effective, Efficient and Sustainable Services
- 6.1 Governance
 - 6.1.1 Ongoing identification of initiatives to enhance transparency of Council decision-making and performance
 - 6.1.2 To provide assistance to Councillors and support the organisation to operate within its legal framework

Louise Kerr
General Manager
Office of the General Manager

ATTACHMENTS:

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|----------------------------------|--|-----------------------------|
| AT-1 View | NSW Ombudsman Report on the investigation into enforcement of fire safety obligations at a residential building in Lane Cove | Available
Electronically |
| AT-2 View | Implementation and Action Plan in response to NSW Ombudsman Investigation Report 2026 | Available
Electronically |