



PITTWATER COUNCIL

Agenda

Council Meeting

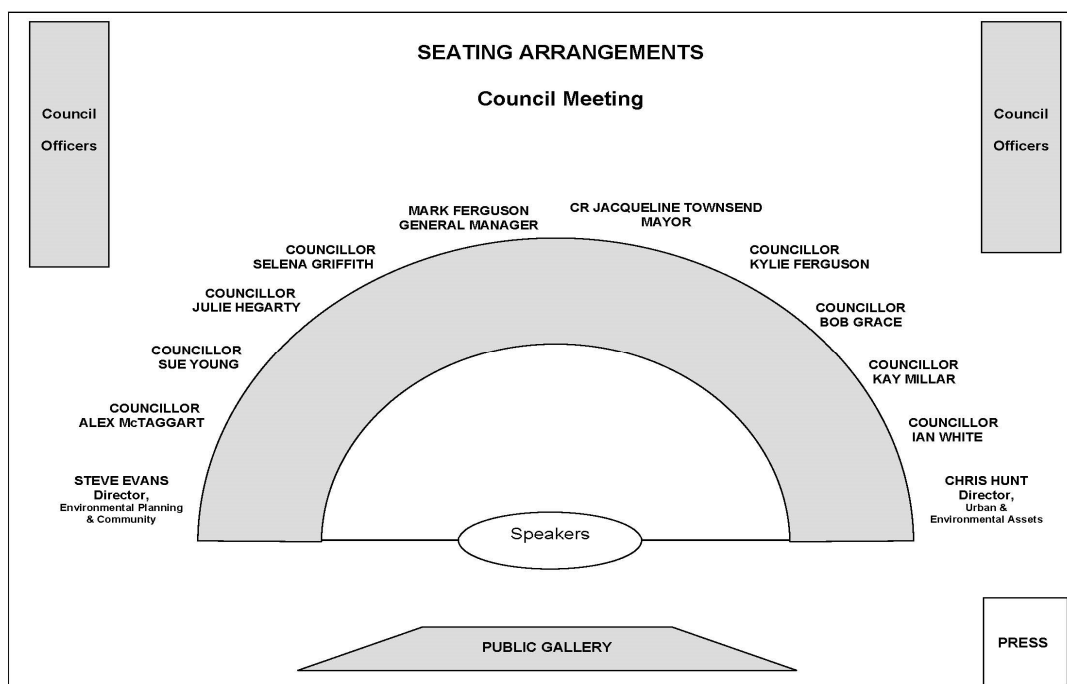
Notice is hereby given that a Council Meeting of Pittwater Council will be held at Mona Vale Memorial Hall on

21 September 2015

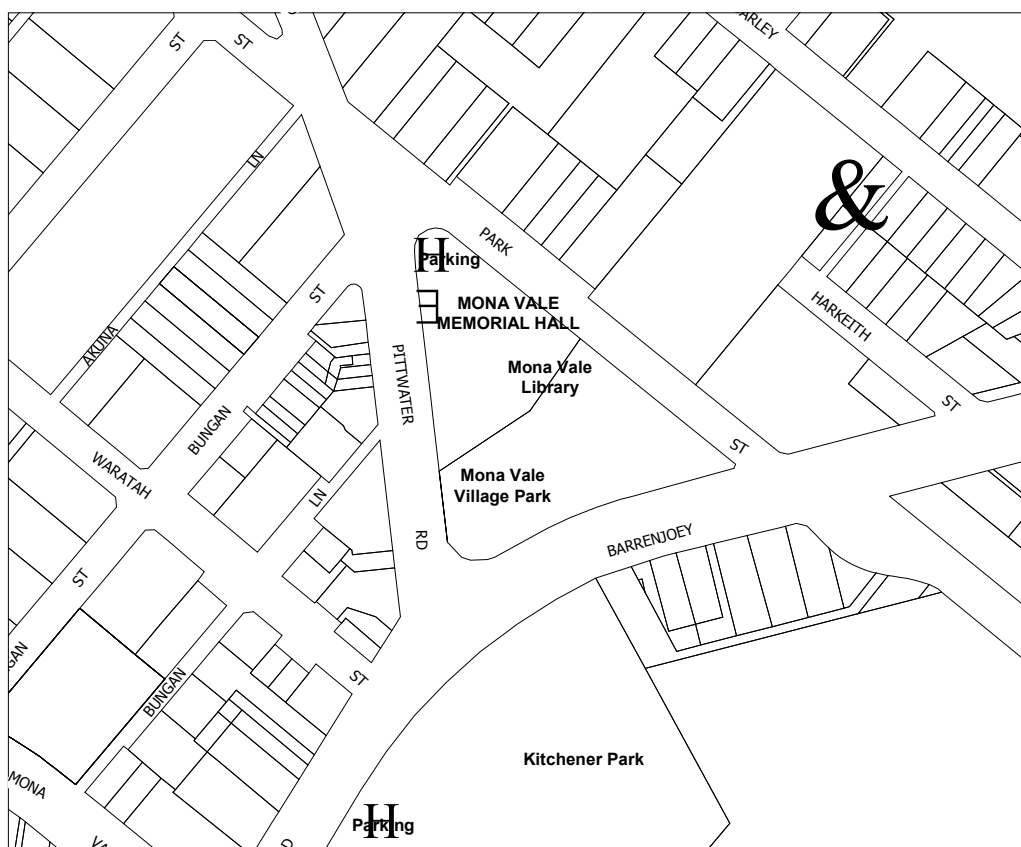
Commencing at 6.30pm for the purpose of considering the items included on the Agenda.

Mark Ferguson
GENERAL MANAGER

Seating Arrangements



Meeting Location



All Pittwater Council's Agenda and Minutes are available on the Pittwater website at www.pittwater.nsw.gov.au

Acknowledgement of Country

**Pittwater Council honours and respects the spirits of the
Guringai people.**

**Council acknowledges their traditional custodianship of
the Pittwater area.**

Statement of Respect

**Pittwater Council promotes and strives to achieve a climate of respect
for all and endeavours to inspire in our community shared civic pride by
valuing and protecting our unique environment, both natural and built,
for current and future generations.**

**We, the elected members and staff of Pittwater Council, undertake to
act with honesty and integrity, to conduct ourselves in a way that
engenders trust and confidence in the decisions we make on behalf
of the Pittwater Community.**

Council Meeting

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**The Senior Management Team
has approved the inclusion of
all reports in this agenda.**

Council Meeting

1.0 Public Forum

GUIDELINES FOR RESIDENTS - PUBLIC FORUM

Objective

The purpose of the Public Forum is to gain information or suggestions from the community on new and positive initiatives that Council can consider in order to better serve the Pittwater community.

- The Public Forum is not a decision making forum for the Council;
- Residents should not use the Public Forum to raise routine matters or complaints. Such matters should be forwarded in writing to Council's Customer Service Centres at Mona Vale or Avalon where they will be responded to by appropriate Council Officers;
- There will be no debate or questions with, or by, Councillors during/following a resident submission;
- Council's general meeting procedures apply to Public Forums, in particular, no insults or inferences of improper behaviour in relation to any other person/s is permitted;
- No defamatory or slanderous comments will be permitted. Should a resident make such a comment, their submission will be immediately terminated by the Chair of the Meeting;
- Up to 20 minutes is allocated to the Public Forum;
- A maximum of 1 submission per person per meeting is permitted, with a maximum of 4 submissions in total per meeting;
- A maximum of 5 minutes is allocated to each submission;
- Public submissions will not be permitted in relation to the following matters:
 - Matters involving current dealings with Council (eg. development applications, contractual matters, tenders, legal matters, Council matters under investigation, etc);
 - Items on the current Council Meeting agenda;
- The subject matter of a submission is not to be repeated by a subsequent submission on the same topic by the same person within a 3 month period;
- Participants are not permitted to use Council's audio visual or computer equipment as part of their submission. However, photographs, documents etc may be circulated to Councillors as part of the submission;
- Any requests to participate in the Public Forum shall be lodged with Council staff by 12 noon on the day of the Council Meeting. To register a request for a submission, please contact Warwick Lawrence, phone 9970 1112.

Mark Ferguson
GENERAL MANAGER

2.0 Resident Questions

RESIDENT QUESTION TIME

Objective

The purpose of Resident Question Time is to provide the community with a forum to ask questions of the elected Council on matters that concern or interest individual members of the community.

The following guidelines apply to any person addressing a Council / Committee meeting in relation to a Resident Question:

- 1. Residents Question Time is conducted at the commencement of the second Council Meeting of the month and prior to the handling of General Business.*
- 2. A maximum of 10 minutes is allocated to Residents Question Time.*
- 3. Each Resident is restricted to two (2) questions per meeting.*
- 4. All questions are to be in writing or made electronically and lodged with the General Manager no later than 6.15pm on the day of the Council meeting at which it is to be considered.*
- 5. Questions must be precise and succinct and free of ambiguity and not contain any comments that may be offensive, defamatory or slanderous in any way.*
- 6. A brief preamble may accompany the question to clarify the issue however only the actual question will be included in the minutes of the Council meeting.*
- 7. Responses to residents questions made at the meeting will also be included in the minutes of the Council meeting.*
- 8. Resident's questions taken on notice shall be the subject of a report to Council setting out both the question and response and shall be included in the agenda at the second meeting of the month following the resident's question.*
- 9. There will be no debate or questions with, or by, Councillors during / following a resident question and response.*

3.0 Apologies

Apologies must be received and accepted from absent Members and leave of absence from the Council Meeting must be granted.

4.0 Declarations of Pecuniary and Conflict of Interest including any Political Donations and Gifts

Councillors are advised of the following definitions of a "pecuniary" or "conflict" of interest for their assistance:

* Section 442 of the Local Government Act, 1993 states that a "pecuniary" interest is as follows:

- "(1) [Pecuniary interest] A Pecuniary interest is an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to the person or another person with whom the person is associated.*
- (2) [Remoteness] A person does not have a pecuniary interest in a matter if the interest is so remote or insignificant that it could not reasonably be regarded as likely to influence any decision the person might make in relation to the matter."*

Councillors should reference the Local Government Act, 1993 for detailed provisions relating to pecuniary interests.

* Council's Code of Conduct states that a "conflict of interest" exists when you could be influenced, or a reasonable person would perceive that you could be influenced by a personal interest when carrying out your public duty.

Councillors are also reminded of their responsibility to declare any Political donation or Gift in relation to the Local Government & Planning Legislation Amendment (Political Donations) Act 2008.

* A reportable political donation is a donation of:

- \$1,000 or more made to or for the benefit of the party, elected member, group or candidate; or
- \$1,000 or more made by a major political donor to or for the benefit of a party, elected member, group or candidate, or made to the major political donor; or
- Less than \$1,000 if the aggregated total of the donations made by the entity or person to the same party, elected member, group, candidate or person within the same financial year (ending 30 June) is \$1,000 or more.

5.0 Confirmation of Minutes

"Councillors are advised that when the confirmation of minutes is being considered, the only question that can arise is whether they faithfully record the proceedings at the meeting referred to. A member of a council who votes for the confirmation of the minutes does not thereby make himself a party to the resolutions recorded: **Re Lands Allotment Co (1894) 1 Ch 616, 63 LJ Ch 291.**"

Minutes of the Council Meeting held on 7 September 2015.

6.0 Public Addresses

The following guidelines apply to any person addressing a Council / Committee meeting in relation to an item on the Council / Committee meeting agenda:

1. *A member of the public may be granted leave to address a meeting of Council or a Committee, where such a request is received by the General Manager no later than 3.00pm on the day of the meeting. This is subject to:*
 - (a) *A maximum of up to six speakers may address on any one item, with a maximum of three speakers in support of the recommendation in the report, and three speakers in opposition.*
 - (b) *A limitation of three minutes is allowed for any one speaker, with no extensions.*
 - (c) *An objector/s to a development application is to speak first with the applicant always being given the right to reply.*

Exceptions to these requirements may apply where:

- (a) *The Meeting specifically requests that a person be interviewed at a meeting.*
 - (b) *The Meeting resolves that a person be heard at the meeting without having given prior notice to the General Manager*
2. *Once a public/resident speaker has completed their submission and responded to any Councillor questions, they are to return to their seat in the public gallery prior to the formal debate commencing.*
3. *No defamatory or slanderous comments will be permitted. Should a resident make such a comment, their address will be immediately terminated by the Chair of the meeting.*
4. *Council's general meeting procedures apply to Public Addresses, in particular, no insults or inferences of improper behaviour in relation to any other person is permitted.*
5. *Residents are not permitted to use Council's audio visual or computer equipment as part of their address. However, photographs, documents etc may be circulated to Councillors as part of their address.*

7.0 Councillor Questions with Notice

Question 1 – Cr Millar

When will the construction of the road and footpath in Garden Street opposite the 23b McPherson Street development begin and be completed?

Response:

Garden St opposite the 23b McPherson Street development - The design has been prepared for the half width reconstruction of Garden Street as well as the return into MacPherson and the roundabout at the intersection of Garden Street and MacPherson Street. The contract documentation process has commenced with the aim of calling tenders and accepting a successful tenderer by the last Council meeting this year, with construction to occur over the first half of 2016.

Question 2 – Cr Millar

When will the construction of the new bridge and footpath over the flood prone area of McPherson Street begin and be completed?

Response:

Macpherson Street - Design and contract documentation process continues with the aim of accepting a successful tenderer to construct MacPherson Street between Boondah Road and Warriewood Road as well as the roundabout at the intersection of MacPherson Street and Warriewood Road and return to Vuko Place. The timing is to have the MacPherson Street project ready to commence construction as soon as possible after works in Garden St have been completed.

8.0 Mayoral Minutes

Nil.

9.0 Business by Exception

Items that are dealt with by exception are items where the recommendations contained in the reports in the Agenda are adopted without discussion.

10.0 Council Meeting Business

C10.1 Election of Mayor - 2015/2016 Mayoral term

Meeting: Council

Date: 21 September 2015

COMMUNITY STRATEGIC PLAN STRATEGY: Corporate Management

COMMUNITY STRATEGIC PLAN OBJECTIVE:

To provide leadership through ethical, accountable and legislative decision-making processes

DELIVERY PROGRAM ACTION:

Legislative requirement to elect a Mayor

1.0 EXECUTIVE SUMMARY

1.1 SUMMARY

Section 290 (1)(b) of the Local Government Act 1993 requires the election of a Mayor, elected by Councillors, to be conducted at a meeting during the month of September.

Nominations shall be called for candidates for the Office of Mayor for the 2015/2016 Mayoral Term.

That in the event that two or more candidates accept nomination for the Office of Mayor, Council needs to determine whether the election of Mayor for the 2015/2016 Mayoral Term is to proceed by preferential ballot, by ordinary ballot or by open voting.

An election will then be held in accordance with the provisions of the Local Government (General) Regulation 2005.

2.0 RECOMMENDATION

- 1. *That nominations be called for candidates for the Office of Mayor for the 2015/2016 Mayoral Term.***
 - 2. *That in the event that two or more candidates accept nomination for the Office of Mayor, Council determine whether the election of Mayor for the 2015/2016 Mayoral Term is to proceed by preferential ballot, by ordinary ballot or by open voting.***
 - 3. *That an election be held in accordance with the provisions of the Local Government (General) Regulation 2005.***
-

3.0 BACKGROUND

3.1 PURPOSE

To elect a Councillor to the office of Mayor for the 2015/2016 Mayoral Term, being September 2015 to September 2016.

3.2 BACKGROUND

Section 290 (1)(b) of the Local Government Act 1993 requires the election of a Mayor, elected by Councillors, to be conducted at a meeting during the month of September. The Mayor of the day is entitled to chair this meeting even if he/she is not elected to Council. If the Mayor chooses not to chair the meeting then the first item of business will be to elect a Chairperson until a successor is declared elected at the meeting.

The procedure for election of Mayor by Councillors is set out in Clause 394 and Schedule 7 of the Local Government (General) Regulation 2005.

Clause 394 of the Local Government (General) Regulation 2005 provides that where a Mayor or Deputy Mayor is to be elected by the Councillors of an area, the election is to be in accordance with Schedule 7 of the Regulation. The provisions of Schedule 7 are summarised as follows in italics hereunder:-

1. *The General Manager or a person appointed by the General Manager is the Returning Officer. The General Manager has appointed the Manager Administration and Governance as Returning Officer for these elections.*
2. *A nomination for the Office of Mayor is to be made in writing by two or more Councillors (one of whom may be the nominee). The nomination is not valid unless the nominee has indicated consent to the nomination in writing.*
3. *There is no prescribed form of "nomination paper". However, for convenience, "nomination papers" have been prepared and distributed and will also be available to Councillors at the meeting. Nominations are to be delivered or sent to the Returning Officer. The Returning Officer is to announce the names of the nominees at the Council meeting at which the election is to be held.*
4. *If only one Councillor is nominated, that Councillor is elected. If more than one Councillor is nominated, the Council is to resolve whether the election is to proceed by:*
 - (a) *Preferential Ballot*
 - (b) *Ordinary Ballot*
 - (c) *Open Voting*

The election is to be held at the Council Meeting at which the Council resolves on the method of voting. The Mayor is Chairperson of the meeting until the Returning Officer conducts the Ballot.

5. *If the method is by Preferential or Ordinary Ballot, it shall be by Secret Vote.*
6. *Open voting means by a show of hands or similar means.*
7. **(A) Preferential Ballots**

Councillors are to mark their votes by placing the numbers '1', '2' and so on, against the listed candidates' names so as to indicate the order of their preference for all the candidates.

The formality of a ballot paper under this part is to be determined in accordance with Clause 345 (1) (b)(c) & (5) of the Local Government (General) Regulation 2005.

An informal ballot paper must be rejected at the count.

If a candidate has an absolute majority of first preference votes, that candidate is elected.

If not, the candidate with the lowest number of first preference votes is excluded and the votes on the unexhausted ballot-papers counted to him or her are transferred to the candidate with second preferences on those ballot papers.

A candidate who then has an absolute majority of votes is elected but, if no candidate then has an absolute majority of votes, the process of excluding the candidate who has the lowest number of votes and counting each of his or her unexhausted ballot papers to the candidates remaining in the election next in order of the voter's preference is repeated until one candidate has received an absolute majority of votes. The latter is elected.

In this clause 'absolute majority' in relation to votes means a number which is more than one-half of the number of unexhausted formal ballot papers.

Tied Candidates:

- (1) If, on any count of votes, there are **two** candidates in, or remaining in, the election and the numbers of votes cast for the **two** candidates are equal – the candidate whose name is first chosen by lot is taken to have received an absolute majority of votes and is therefore taken to be elected.*
- (2) If, on any count of votes, there are **three** or more candidates in, or remaining in, the election and the numbers of votes cast for **two** or more candidates are equal and those candidates are the ones with the lowest number of votes on the count of the votes – the candidate whose name is first chosen by lot is taken to have the lowest number of votes and is therefore excluded.*

(B) Ordinary Ballot (Secret ballot) / Open Voting (by show of hands or similar)

The formality of a ballot paper at an Ordinary ballot is to be determined in accordance with Clause 345 (1)(b)(c) & (6) of the Local Government (General) Regulation 2005.

*If there are three or more candidates, separate and continuing ballots / votes are taken to exclude the candidate with the lowest number of votes, until only **two** candidates remain.*

*When there are only **two** candidates, or when there are only **two** candidates remaining, a ballot / vote is taken. The candidate with the highest number of votes is elected.*

*If there are only **two** candidates and they are tied, the **one** elected is to be chosen by lot.*

The Returning Officer decides the manner in which votes are to be marked on the ballot paper at an ordinary ballot.

8. Summary of Procedure

A summary of the procedure is as follows:

- (a) Councillors will be called upon by the Returning Officer to submit their nomination papers.*

- (b) *Nominations received will be read to the Meeting by the Returning Officer, who will ask if any of the candidates so nominated wish to decline the nomination.*
- (c) *If there are more candidates than one, an election will be carried out in accordance with the provisions of Schedule 7 of the Local Government (General) Regulation 2005 as quoted above. Councillors will be requested to resolve whether the election is to proceed by Preferential Ballot, by Ordinary Ballot or by Open Voting.*
- (d) *If a ballot is required, ballot papers will be prepared and distributed to Councillors for marking:*
 - (i) *Upon completion of marking of the ballot papers by Councillors, the ballot papers will be collected on behalf of the Returning Officer and the votes will be counted; and*
 - (ii) *When the ballot or ballots, as required pursuant to the provisions of Schedule 7, have been completed and a result obtained, the Returning Officer will announce the results to the meeting.*
- (e) *If the election is by Open Vote, then votes to exclude candidates (if more than two) and votes to elect a candidate will be taken by show of hands and recorded by the Returning Officer.*

The General Manager has appointed the Manager Administration and Governance as the Returning Officer for these elections.

3.3 POLICY IMPLICATIONS

The election of a Mayor is a legislative requirement not a policy requirement.

3.4 RELATED LEGISLATION

Local Government Act 1993 and the Local Government (General) Regulations 2005

3.5 FINANCIAL ISSUES

3.5.1 Budget

There is an appropriate budget for the payment of the Mayoral allowance .

3.5.2 Resources Implications

The cost of the election is minimal due to it being a relatively simple process and carried out in-house.

4.0 KEY ISSUES

- Submission of Nominations
- Undertaking the election process correctly

5.0 ATTACHMENTS / TABLED DOCUMENTS

There are no Attachments to this report

6.0 SUSTAINABILITY ASSESSMENT

6.1 GOVERNANCE & RISK

6.1.1 Community Engagement

The election of Mayor does not require community engagement.

6.1.2 Risk Management

The Election of Mayor must be undertaken in accordance with the provisions of the Local Government Act and supporting regulations.

6.2 ENVIRONMENT

6.2.1 Environmental Impact

No impact.

6.3 SOCIAL

6.3.1 Address Community Need & Aspirations

No impact

6.3.2 Strengthening local community

The position and role of the Mayor is a very demanding one and requires astute and strong leadership by building and maintaining strong political and working relationships with the local community.

6.4 ECONOMIC

6.4.1 Economic Development

No impact

Report prepared by

Warwick Lawrence
MANAGER, ADMINISTRATION & GOVERNANCE

C10.2 Election of Deputy Mayor - 2015/2016 Mayoral Term

Meeting: Council

Date: 21 September 2015

COMMUNITY STRATEGIC PLAN STRATEGY: Corporate Management

COMMUNITY STRATEGIC PLAN OBJECTIVE:

To provide leadership through ethical, accountable and legislative decision-making processes

DELIVERY PROGRAM ACTION:

Legislative requirement to elect a Deputy Mayor

1.0 EXECUTIVE SUMMARY

1.1 SUMMARY

Nominations are required for candidates for the Office of Deputy Mayor for the 2015/2016 Mayoral Term.

In the event that two or more candidates accept nomination for the Office of Deputy Mayor, Council shall determine whether the election of Deputy Mayor for the 2015/2016 Mayoral Term, is to proceed by preferential ballot, by ordinary ballot or by open voting.

The election is to be held in accordance with the provisions of the Local Government (General) Regulation 2005.

Historically the Deputy Mayor has been elected for the full Mayoral Term.

2.0 RECOMMENDATION

- 1. That nominations be called for candidates for the Office of Deputy Mayor for the 2015/2016 Mayoral Term.*
 - 2. That in the event of two or more candidates accepting nomination for the Office of Deputy Mayor, Council determine whether the election of Deputy Mayor for the 2015/2016 Mayoral Term is to proceed by preferential ballot, by ordinary ballot or by open voting.*
 - 3. That an election be held in accordance with the provisions of the Local Government (General) Regulation 2005.*
 - 4. That the Deputy Mayor be elected for the full 2015/2016 Mayoral Term.*
-

3.0 BACKGROUND

3.1 PURPOSE

Section 231 of the Local Government Act, 1993 empowers the Council to elect one of its members as Deputy Mayor for the Mayoral Term or for a shorter term.

The election is to be held in accordance with the provisions of the Local Government (General) Regulation 2005.

3.2 BACKGROUND

Section 231 of the Local Government Act, 1993 empowers the Council to elect one of its members to be Deputy Mayor for the Mayoral Term or for a shorter term, however it is usual for the Deputy Mayoral term to coincide with the Mayoral Term.

The Deputy Mayor may exercise any functions of the Mayor at the request of the Mayor or if the Mayor is prevented by illness, absence or otherwise from exercising the functions of his/her Office.

The nomination and election of a Deputy Mayor is carried out in the same manner as the nomination and election of the Mayor.

There is no prescribed form of “nomination paper”. However, for convenience “nomination papers” have been prepared and distributed and will also be available to Councillors at the meeting. Nominations are to be delivered or sent to the Returning Officer either prior to the meeting however will also be accepted at the Council meeting prior to consideration of the report.

The General Manager has appointed the Manager Administration and Governance to act as the Returning Officer for the Mayoral and Deputy Mayoral elections.

3.3 POLICY IMPLICATIONS

The election of a Deputy Mayor is a legislative requirement not a policy requirement.

3.4 RELATED LEGISLATION

Local Government Act 1993 and the Local Government (General) Regulations 2005

3.5 FINANCIAL ISSUES

3.5.1 Budget

As the Deputy Mayor does not receive any additional allowance there are no additional budgetary requirements for the appointment of a Deputy Mayor.

3.5.2 Resources Implications

The cost of the election is minimal due to it being a relatively simple process and carried out in-house.

4.0 KEY ISSUES

Submission of nominations
Undertaking the election process correctly

5.0 ATTACHMENTS / TABLED DOCUMENTS

There are no attachments to this report

6.0 SUSTAINABILITY ASSESSMENT

6.1 GOVERNANCE & RISK

6.1.1 Community Engagement

No community engagement is required for the election of a Deputy Mayor

6.1.2 Risk Management

The Election of Deputy Mayor must be undertaken in accordance with the provisions of the Local Government Act and supporting Regulations.

6.2 ENVIRONMENT

6.2.1 Environmental Impact

No Impact

6.3 SOCIAL

6.3.1 Address Community Need & Aspirations

No Impact

6.3.2 Strengthening local community

No Impact

6.4 ECONOMIC

6.4.1 Economic Development

No Impact

Report prepared by

Warwick Lawrence
MANAGER, ADMINISTRATION & GOVERNANCE

C10.3	Notice of Motion - Fit for the Future - Legal Advice - Cr Grace
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Meeting: Council

Date: 21 September 2015

NOTICE OF MOTION

BACKGROUND

- Attachment 1.** - Pittwater Life September 2015 Editorial.
- Attachment 2.** - Minutes of the Council Meeting held on 7 April 2015.
- C8.3 Notice of Motion – Public Exhibition – Fit for the Future – Motion submitted by Cr Grace.
- Attachment 3.** - Report for the Council Meeting held on 15 June 2015.
- C10.1 Pittwater Council Submission – NSW Government's Fit for the Future Local Government Reform.
- Attachment 4.** - Minutes of the Council Meeting held on 15 June 2015.
- C10.1 Pittwater Council Submission – NSW Government's Fit for the Future Local Government Reform.
- Attachment 5.** - Agenda for the Extraordinary Council Meeting held on 29 June 2015.
- C3.1 Notice of Rescission – Pittwater Council Submission – NSW Government's Fit for the Future Local Government Reform – Motion submitted by Mayor Cr Townsend, Cr Millar and Cr White – C3.2 Fit for the Future Submission.
- C3.2 Fit for the Future Submission – IPART
- Attachment 6.** - Minutes of the Extraordinary Council Meeting held on 29 June 2015.
- C3.1 Notice of Rescission – Pittwater Council Submission – NSW Government's Fit for the Future Local Government Reform – Motion submitted by Mayor Cr Townsend, Cr Millar and Cr White.
- C3.2 Fit for the Future Submission – IPART.

Motion

1. That Council obtains further legal advice, as a matter of urgency, from Counsel as to the rights, obligations, duties and responsibility of staff and Councillors in relation to resolutions that have been adopted by Councillors.
2. That such advice include the future conduct of staff and Councillors in relation to the implementation of such resolutions
3. That such advice include as to whether staff and Councillors, in performance of their responsibility, are able to express a contrary view as to any such resolution.
4. That such advice take into account any Local Government Act or Regulations, Council's Code of Conduct, any State Government Code of Conduct and any other relevant regulation or decisions.

Councillor Bob Grace

Editorial

Fingers crossed on future

Pittwater Mayor Jacqui Townsend says she hopes the Baird Government will continue to consult with councils and the community rather than force amalgamations.

Speaking to *Pittwater Life*, Cr Townsend conceded not submitting an alternative position to standing alone to IPART had placed Pittwater in a precarious position.

And she believes our community would have responded differently and considered an alternative rather than press on with a stand-alone position had the conversation been based on fewer councils and not simply about sustainability and removing councils that weren't financially fit.

"It is very difficult now to have taken a position which may not have been the position had the conversation been around less councils," she said. "If the Baird Government decides to reshape the local government structure within

the Sydney metropolitan area I would hope it comes back to the councils and has a further discussion with them.

"That is what I think our community would like and expect to happen, rather than just pushing forward with some aggressive agenda."

Meanwhile and despite having to deal with the hotbed topic of amalgamation, Pittwater Council continues to demonstrate how it can punch above its weight, recognised as being among the most progressive in the state.

For the second time in three years Pittwater is a finalist in the Local Government NSW AR Bluett Memorial Award in a category open to 75 city, metro and major rural councils. Winners will be announced in October. (Won't that show 'em? Fingers crossed.)

*** This year's Mayoral Election will be held on September 21. Full wrap-up next issue.**

- Lisa Offord

C8.3	Notice of Motion – Public Exhibition - Fit for the Future - Motion Submitted by Cr Grace
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COUNCIL DECISION

That the Notice of Motion as submitted be formally withdrawn.

(Cr Grace / Cr Griffith)

4.0	Public Addresses
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C8.1 - Notice of Motion – Community Consultation – Motion Submitted by Cr Grace – With the leave of the Council Ms Lynne Czinner, Mr Peter Mayman and Mr Storm Jacklin spoke in support of the recommendation on this item.

C8.2 - Notice of Motion – Telephonic Consultation – Motion Submitted by Cr Grace – With the leave of the Council Mr Peter Mayman and Mr Storm Jacklin spoke in support of the recommendation on this item.

C8.4 - Notice of Motion – Pittwater Council Fit for the Future – Motion Submitted by Cr Grace – With the leave of the Council Ms Lynne Czinner, Mr Peter Mayman and Mr Storm Jacklin spoke in support of the recommendation on this item.

C8.5 – NSW Government’s Fit for the Future Local Government Reforms – With the leave of the Council Ms Lynne Czinner, Mr Peter Mayman and Mr Storm Jacklin spoke against the recommendation on this item.

8.0	Council Meeting Business
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C8.4	Notice of Motion - Pittwater Council - Fit for the Future - Motion Submitted by Cr Grace
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COUNCIL DECISION

1. That Council confirms that Pittwater Council is completely sustainable and Fit for the Future in its current form and structure in relation to the current criteria set out in the local government reform proposal – Fit for the Future.
2. That having reviewed all current documentation included in the KPMG report Councils position is as follows:

“Pittwater to maintain the status quo that is to remain as we are without any boundary changes”.

3. That in any correspondence with the community in the consultation process it be prominently noted, that Council is Fit for the Future.

(Cr McTaggart / Cr Griffith)

Minutes of the Council Meeting held on 7 April 2015.

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General Manager

.....
Mayor



PITTWATER COUNCIL

SUBJECT: Pittwater Council Submission - NSW Government's Fit For The Future Local Government Reform

Meeting: Council

Date: 15 June 2015

COMMUNITY STRATEGIC PLAN STRATEGY: Corporate Management

COMMUNITY STRATEGIC PLAN OBJECTIVE: To ensure local democratic representation.

DELIVERY PROGRAM ACTION: To ensure Council's financial sustainability.
To ensure local democratic representation.

1.0 EXECUTIVE SUMMARY

1.1 SUMMARY

The Fit for the Future program has called upon councils to examine their efficiency, effectiveness and financial sustainability. The most significant feature of this request is for Pittwater to consider the Independent Local Government Review Panel's (ILGRP) recommendation for the region. That recommendation was to merge Pittwater, Warringah and Manly councils into one council. This option together with options of Pittwater staying independent and a two council model have been examined by Council.

Pittwater Council also took the opportunity to commission KPMG to undertake independent analysis of the options. This evidence base identified that each of the options are economically viable. Each of the options however deliver advantages and disadvantages to the community.

Council has also undertaken extensive community engagement to consult with the community on the options. The outcome of the engagement provided overwhelming support for Council's position of staying independent and rejecting a three council merger into one council. The community's second preference was for option two, that being a Greater Pittwater Council.

Council's submission will be assessed by IPART and rated either 'fit' or 'not fit'. A threshold criterion will be scale and capacity. A council must demonstrate that it has or will have sufficient scale and capacity. There is strong evidence to suggest that Council through its actions demonstrates strategic capacity. Pittwater also achieves all of the performance benchmarks. However to demonstrate 'scale and capacity' Council's approach must be broadly consistent with the ILGRP preferred option or present a sound argument that demonstrates that Council's option is at least as good as or a better option to achieve scale and capacity for the region.

This report argues in support of Pittwater being retained as an independent council through the submission of a council improvement proposal. The template requires Council to identify other strategies/actions considered but not adopted. It is recommended that Council submit the Greater Pittwater option in addition to its council improvement proposal, as accompanying evidence submitted as an alternative in the event of a forced structural change.

2.0 RECOMMENDATION

2.1 *That Council notes the following results from the recent Community Engagement process:-*

2.1.1 *Rejection of A single Council combining Manly, Warringah and Pittwater (Option 3).*

2.1.2 *Strong support for No Mergers (Option 1).*

2.1.3 *Support for Greater Pittwater/Greater Manly - as a second preference (Option 2).*

2.2 *That based on comprehensive research, including independent evidence and extensive engagement with the community, Council confirms its position as follows:-*

2.2.1 *Council remains committed to a strong, independent Pittwater Council providing local representation and delivery of local services to the people of Pittwater on the existing boundaries.*

2.2.2 *Council is opposed to any proposed merger of Manly, Warringah and Pittwater into one Council.*

2.3 *That in keeping with the NSW Government's requirements, Council submit the following to IPART by 30 June 2015:-*

2.3.1 *Template 2 - Council Improvement Proposal and Supporting Business Case and documentation for Pittwater Council to maintain the status quo and remain as we are without any boundary changes.*

2.3.2 *That a supplementary business case be submitted for possible consideration by IPART. This alternative option reflects the community's preference for Option 2 – Greater Pittwater should the NSW Government force structural change.*

3.0 BACKGROUND

3.1 PURPOSE OF THIS REPORT

The purpose of this report is three-fold. Firstly to update Council on the results of the community engagement undertaken on the three options, secondly to provide a strategic analysis of the options and finally the forward path for completion of the IPART submission.

3.2 CONTEXT

A summary of the NSW Government's Local Government Reform Process and Council's responses over the last two years is outlined in **Attachment 1**.

In addition, a comprehensive report detailing the background to the Local Government Reform process was presented to Council on 7 April 2015 and is included as **Attachment 2**.

3.3 POLICY IMPLICATIONS

Nil.

3.4 RELATED LEGISLATION

NSW IPART Act 1992
NSW Local Government Act 1993
NSW Constitution Act 1902

3.5 FINANCIAL ISSUES

3.5.1 Financial Results

Council's financial results since formation in 1992 are outlined in the report to Council on 7 April 2015 and included in **Attachment 2**.

4.0 KEY ISSUES

4.1 Community Engagement on Reform Options (methods undertaken)

A comprehensive community engagement plan has been implemented to engage the Pittwater community and provide opportunities for discussion and feedback. This has included:

- The distribution of an 8 page Information Pack to all residents, ratepayers and businesses in Pittwater.
- Information displays at libraries and customer service areas at Mona Vale and Avalon providing opportunities for completed paper surveys to be placed in a secure survey box
- Public meeting with over 350 people in attendance
- Information stall at Food and Wine Fair
- Community Leaders meetings
- Random sample telephone survey conducted by an independent research consultant
- Online and paper surveys
- Staff survey
- Coffee morning catch-ups with Mayor, Councillors and General Manager
- Information sessions with high school students and distribution of paper survey
- Dedicated pages on Council's website including the following pages; Latest updates, Background, Information Pack, Have Your Say, Independent Analysis, Frequently Asked Questions, Online Survey

This has been supported by a communications plan incorporating a strong social media strategy. Dissemination of information has occurred through regular media releases, banner advertising in the Manly Daily and local magazines, regular features in Council's community notice board page in the Manly Daily, Mayoral column, large banners with key messages displayed at strategic locations, feature articles in Council's e-newsletter and prominent information on Council's website home page.

The social media strategy included regular posts incorporating 'bite size' Fit for the Future key messages, as well as promoting the value of having a say, the ways they could engage on this issue and how to find the information. Two 'apps' were created within Facebook that enabled users to view the Fit for the Future brochure and access the online survey, without leaving our pages, increasing the likelihood of users engaging with the material. Complementary messages on both Twitter and Instagram were posted using these mediums.

In our attempt to reach a broader audience within the community, especially younger age groups within the community we did undertake some paid posts resulting in a very satisfactory reach with residents. For example our Fit for the Future Pittwater Council Facebook post that "We are listening" reached 3 300 people.

Further detail of engagement activities is provided in **Attachment 3**

4.2 Summary of Community Engagement Outcomes

4.2.1 Throughout the engagement process it has been evident that the community strongly supports Pittwater Council and would prefer that Pittwater remain as it is. An overwhelming majority of people at the public meeting supported the motion proposed by community members at the meeting:

"That there be no change to Pittwater Council or its boundaries, without community support".

4.2.2 A consistent approach throughout this has been to develop an evidence base for our decision making. In addition to qualitative feedback it was vital to gather quantitative data on each of the options.

4.2.3 The most important element of this data gathering was the appointment of an independent research consultant to conduct a random sample telephone survey with a statistically valid sample of Pittwater residents. A total sample of 405 residents reflecting the demographic profile of Pittwater completed the survey. The sample size of 405 residents provides a maximum sampling error of plus or minus 4.9% at 95% confidence.

4.2.4 In addition to the random sample telephone survey a number of other survey methods were implemented which included:

- An online survey was available via Council's website
- Paper copies were completed through libraries, customer service, coffee morning catch-ups and information stalls
- Paper copies were collected at stalls conducted by the community at Avalon and Palm Beach
- Paper copies were completed by young people at sessions undertaken with local high schools by Council's community development team
- A link to the survey was sent to all staff
- A total of approximately 3,300 surveys have been completed using the formats above.

4.2.5 The survey format was consistent across all platforms with one exception:

- The telephone survey asked an additional question (8c) developed in consultation with Councillors.

'Q8c. If the state Government forces councils on the northern beaches to amalgamate which option would you support?

- *A Greater Manly and Greater Pittwater Council – involving boundary changes that splits the existing Warringah Council.*
- *A single Council comprising the current local government areas of Pittwater, Warringah and Manly.*
- *I do not support forced amalgamation.'*

Results for this question are outlined in the table below:

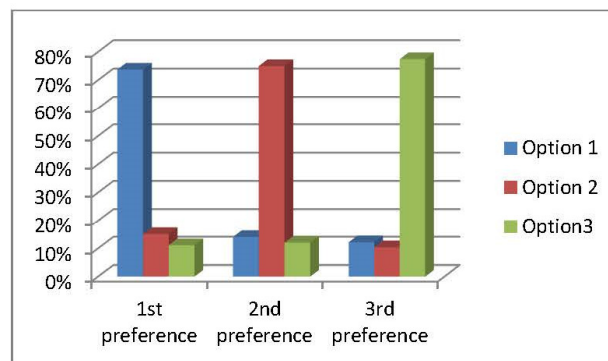
Greater Pittwater	28%
A single Council	14%
I do not support forced amalgamation	58%

- 4.2.6 Given the public exhibition closed on Friday 5 June the final consultant's report will be made available as soon as it has been completed. Preliminary results indicate strong support for Pittwater remaining independent and strong opposition to a single council.

The survey consisted of a series of questions eliciting demographic data, levels of support for each option and their preferences in relation to each option. It is important to note that respondents were asked for their level of support for each option to identify how people felt about each option. The respondents were then asked to preference the options to clarify their ultimate choice when it came to decision making.

Results of the random sample telephone survey reveal the following:

Respondents were asked their preference for each option. Clearly, Option 1 (No Merger) is the most preferred option with Option 2 (Greater Pittwater) as second preference and Option 3 (One single Council) as their least preferred option as shown in the table below:



- 4.2.7 A similar trend was revealed when combining the online and paper survey data (total sample approximately 3,300 respondents) which indicated the following:

	Option 1	Option 2	Option 3
1st preference	91.52%		
2nd preference		86.97%	
3 rd preference			85.30%

- 4.2.8 The staff survey response was showed clear support for both Option 1 and Option 2. When asked about their support for each option they responded in the following way:

	Option 1	Option 2	Option 3
Completely - somewhat supportive	87%	82%	19%
Not very – not at all supportive	13%	18%	81%

4.2.9 Council has received 31 written submissions in relation to the options being considered. 24 submissions were supportive of Option 1 with Pittwater remaining as it is. A further two submissions were supportive of Pittwater Council but felt that efficiencies could be gained with SHOROC as a larger administrative body.

Two submissions were supportive of Option 2 and a further two submissions were supportive of a slightly larger Pittwater boundary. One individual submission also rated Council's services.

The Pittwater Forever group also provided a submission in support of Council's no merger option 1. This submission will be used as an annexure to Council's improvement submission template 2.

4.3 Analysis and feedback on each option

All NSW councils have been asked to assess their current situation, explore the adopted recommendation of the ILGRP and investigate the costs and benefits of any alternative options.

Pittwater and Manly Council engaged KPMG to provide an in-depth analysis and evidence base to present to the Pittwater community for consideration. This evidence base has provided key considerations and the framework for the community engagement process that was undertaken between 26 April and 5 June 2015.

The submission framework established by the NSW Government provides two pathways for Council submissions either Template 1: Council Merger Proposal or Template 2: Council Improvement Proposal. No agreement has been reached between Pittwater, Manly and Warringah therefore no Council can submit a legitimate merger case to IPART under Template 1. This is important to note as each Council will be assessed as a stand-alone Council, which may lead to each scenario being deemed not fit by IPART. The assessment may then be on any alternative business cases that demonstrate they are broadly consistent with the recommendation of the ILGRP for the region.

Below is an outline of this analysis, the risks and benefits, and the community's feedback on each option.

4.3.1 A single northern beaches council – Option 3

This option is based on the ILGRP's recommendation for the amalgamation of the three current local government areas of Manly, Warringah and Pittwater.

KPMG found this option to potentially provide the region with a positive net financial impact to the region of \$34.5 million over a ten-year period. This saving however could only be achieved through good management and strong leadership.

This option is not considered favourable for Pittwater as it would threaten local identity and create a form of regional government for the Northern Beaches. Local representation would be substantially eroded to 26,000 residents per councillor. It would also undermine the social and economic capital generated from the Manly and Pittwater Brands.

KPMG identified however that a single Northern Beaches Council may be well placed to shape the transport, health and economic development priorities for the region.

This option has been heavily promoted by Warringah Council and is consistent with the ILGRP's recommendation and provides some estimated savings for the region. The Warringah community has been asked to comment on this model over the last six months with an additional survey recently completed (results are yet to be announced by Warringah). It would appear there is some community support for this model by Warringah residents through analysis of feedback via social media, local press and regional discussions.

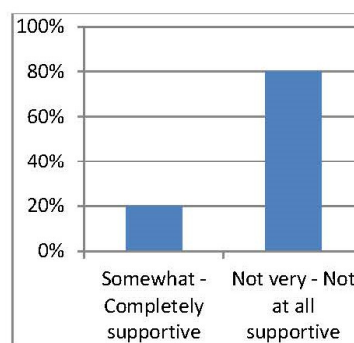
This option is being presented as the 'winning strategy' for the Northern Beaches. Often with 'winning strategies' there comes great loss and in this instance it would be a loss felt significantly by the Pittwater and Manly communities. Whilst Pittwater and Manly residents are opposed to this option it appears Warringah residents may be supportive of the proposal.

It is likely the argument for this model will be based on the proportion of the population across the region that is supportive. The alternate read on this apparent support for change is that the community is indeed open to structural change, they have little faith in the current Warringah Council and would be open to consider an alternative.

At its meeting of 13 October 2014, Council agreed for the General Manager and Mayor to participate in discussions on this topic with the SHOROC member councils. The process was embarked on in the spirit of cooperation. Warringah chose not to pursue a facilitated discussion or analysis of alternate options for the region.

Recently Warringah Council has proposed the withdrawal of administrative funding to SHOROC which again demonstrates an unwillingness to cooperate. This historical pattern of behaviour presents serious considerations for the NSW Government in assessing the success of a possible merger hinging on good leadership and management. A lack of cooperation also demonstrates the current environment in which the three councils operate. Should the NSW Government make an assessment on the future of the northern beaches, the current culture and willingness for cooperation should underpin this decision.

As stated earlier, respondents in the random sample telephone survey indicated that Option 3 was their least preferred option. In addition, respondents were asked about their level of support for each option. 80% of respondents were not in favour of this option.



This option is not considered the best outcome for Pittwater residents and will not form part of Pittwater's submission.

4.3.2 No Mergers – Pittwater Council remain as it is without any boundary changes – Option 1.

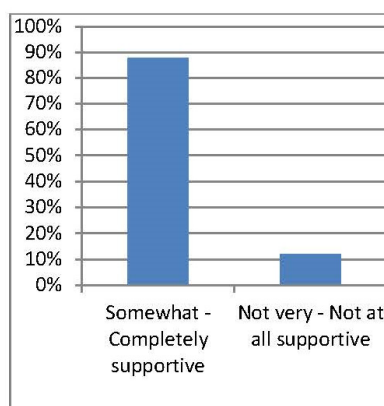
This option was modelled by KPMG as Pittwater's base case and preferred position as resolved by Council at its meetings of the 6 May 2013, 24 June 2013, 7 April 2014, 13 October 2014 and 7 April 2015.

Council's submission will be assessed by IPART and rated either 'fit' or 'not fit'. A threshold criterion will be scale and capacity. A council must demonstrate that it has or will have sufficient scale and capacity. There is strong evidence to suggest that Council through its actions demonstrates strategic capacity. Pittwater also achieves all of the performance benchmarks. However to demonstrate 'scale and capacity' Council's approach must be broadly consistent with the ILGRP preferred option or present a sound argument that demonstrates that Council's option is at least as good as or a better option to achieve scale and capacity for the region.

This report argues in support of Pittwater being retained as an independent Council through the submission of a council improvement proposal. A business case is being prepared in support of the proposal.

The feedback from the community on these options demonstrates overwhelming support for Pittwater Council and for Pittwater LGA to remain as it is without any boundary changes.

Results of the telephone survey demonstrated high levels of support for Option 1, that 89% of residents are somewhat to completely supportive of Option 1.



It remains the first preference of all options across all data sets (telephone survey, online survey, paper survey). It also has a high level of support across all data sets.

Why Pittwater Needs to Continue

A separate Pittwater LGA was formed following a concerted campaign by the Pittwater community that emphasised concerns about how their part of the former Warringah Shire Council (predominantly the former A Riding) was being managed, in particular concern about:

- The precedent of inappropriate and overdevelopment occurring in the Pittwater area.
- Impact on the environment.

- Chronic backlog of infrastructure improvements.
- Disproportionate rate revenue/expenditure.

These concerns were packaged in a detailed submission to the Boundaries Commission that included justification for a separate Pittwater LGA supported by financial analysis and a positive survey result from residents in favour of secession from Warringah.

Based on its deliberations, the Boundaries Commission recommended the creation of a separate Pittwater LGA. The Minister for Local Government supported that recommendation and agreed that Pittwater (as defined) secede from the former Warringah Shire Council. Pittwater LGA was subsequently established as a separate Local Government entity and this was gazetted on 1 May, 1992, being the first new Council in NSW for over 100 years.

This clearly shows that the decision to create a separate Pittwater Council was through a defined process that also had regard to the specific community of interest and significant points of difference, in particular a strong environmental focus, concern about over-development and inappropriate development and the backlog and lack of infrastructure provision.

Since 1992, Pittwater Council has gone from strength to strength in terms of its financial sustainability, inherently demonstrating that with sound management, governance and financial planning a medium size Council such as Pittwater can maintain a sound level of financial sustainability, regardless of its population base.

Since inception, Pittwater Council has maintained consecutive operating surpluses, a strong asset base that is addressing the needs of its community, appropriate cash flows to comfortably meet all liabilities, maintains only a small level of debt to fund its infrastructure obligations and generates sufficient revenue from own source revenue streams such as rates and fees and charges to be financially sound without any significant reliance on external sources including State and Federal grants.

Council's financial strength has been recognised by NSW Treasury's (T-Corp) in its recent Financial Sustainability Assessment (FSR ratings), nominating Pittwater Council as SOUND-NEUTRAL in terms of its current and future financial sustainability. This rating places Council within the top 10 councils within Metropolitan Sydney and gaining a higher financially sustainable rating than numerous larger councils with populations in excess of 150,000 people.

While it is acknowledged that like most other NSW Councils infrastructure backlogs will need to be continually addressed, Pittwater has proven that since 1992 it has the capacity and willingness to continue its sound financially sustainable path.

4.3.3 Greater Pittwater Council & Greater Manly Council – Option 2

The Greater Pittwater and Greater Manly option was modelled by KPMG as an alternative to the two options outlined above. The intention was to provide the community with an evidence based alternative to what was being proposed by the ILGRP as well as Warringah Council. The model was based on two councils of approximately equal population size.

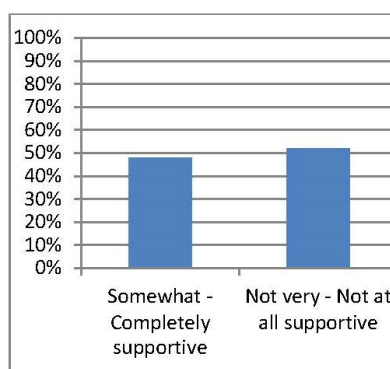
The creation of a Greater Pittwater Council and Greater Manly Council on the Northern Beaches enables residents to retain the local element of local government and build a stronger shared community of interest. KPMG argued that it would improve the social and economic capital of the region by retaining the strong brands of Manly and Pittwater.

Two strong organisations with existing high value brands will contribute significantly to the social and economic capital for the Region and NSW economy.

Greater Pittwater would have the same density as the current Pittwater with a wider geographic spread to incorporate common catchments, both National Parks, coastal and flooding management initiatives. The two councils would have similar resident populations and therefore help collaborate in planning and regional advocacy. The two council model, whilst retaining high levels of service, would be able to respond to local priorities and preserve local identity.

When examining the telephone survey data for Option 2 over 70% of respondents indicated that this option would be their second preference.

When asked about their level of support for this option there was a more equal level of support for or against, in comparison to Options 1 and 3 where the community held very strong views in favour or against each of those options.



In addition, in response to the telephone survey questions on which option was supported by the community in the event of forced amalgamation, 28% supported the Greater Pittwater option compared to 14% in favour of the single council. More than half the respondents (58%) did not support forced amalgamation.

This option needs to be identified in Council's submission to demonstrate Council has actively pursued other options. The associated business case will reflect it as economically, environmentally and socially viable. It is accompanying evidence submitted as an alternative in the event of a forced structural change.

4.4 Assessment Methodology

4.4.1 IPART - Expert Advisory Panel

On 27 April 2015 the Minister for Local Government, the Honourable Paul Toole announced the appointment of the Independent Pricing and Regulatory Tribunal (IPART) as the Expert Panel to assess the Fit for the Future submissions. IPART will be supported by South Australian local government expert John Comrie. John Comrie is a former CEO of the Office of Local Government in South Australia and former CEO of Local Government South Australia. The Panel will make recommendations to the Minister for Local Government and the Premier by 16 October 2015.

On 28 April 2015, IPART released a draft Methodology for Assessment of Council Fit for the Future Proposals inviting councils to make submissions on the proposed methodology by 25 May 2015.

At its meeting of 4 May 2015 Council resolved that the General Manager prepare a submission for IPART addressing the assessment criteria methodology by 25 May 2015 and that Councillors bring their particular concerns to the General Manager's attention at the Councillor Briefing on Monday 11 May 2015.

The submission made by Pittwater Council on 25 May 2015 by the General Manager questioned the reliance upon scale and capacity as a determining factor to determine whether Council is fit, is unreasonable and outside the statutory framework. The submission recommended key changes to the methodology to ensure the assessment of NSW Local Government is in line with the vision of Destination 2036; is a fair and equitable measure of Local Government across NSW; and is consistent with NSW legislation.

4.4.2 Assessment Criteria

Scale and Capacity to engage effectively across community, industry and governments

IPART released the final assessment methodology of councils Fit for the Future proposals on 5 June 2015. The assessment methodology reconfirms that the scale and capacity criterion is a threshold criterion for councils. IPART states council proposals will be assessed on their demonstration that they either currently have, or will have, sufficient scale and capacity and that the proposed approach is consistent with the scale and capacity related objectives identified by the ILGRP for their region.

Pittwater's submission via Template 2 will argue a case for Pittwater's ability to achieve scale and capacity. The starting point for assessment as stated by IPART 'will be guided by the population estimates for the particular LGA included within the ILGRP's recommended option'. Consistent with the recommendation, the population size of one single northern beaches council will be the starting point for assessment for this region. Therefore attached evidence to support Pittwater remaining as we are or an alternative business case for Greater Pittwater will argue there is sufficient scale and capacity through either some structural change, strategic regional planning or shared services.

4.4.3 The other Three Fit for the Future Criteria

As a part of the State Government's Fit for the Future Program councils are being financially measured on 'Sustainability', 'Infrastructure and Service Management' and 'Efficiency' by seven (7) performance measurements (metrics), with positive measures against benchmarks required by 2019/20.

To date, as a part of Council's comprehensive review of its Fit for the Future position, Council engaged KPMG to undertake a complete analysis of its Fit for the Future criteria including these performance measurements (based on prevailing 2013/14 data). KPMG concluded that Pittwater Council would meet all seven (7) performance benchmarks as required under the State Government's Fit for the Future Program.

Further to this, Council as a part of its 2015-19 Draft Delivery Program again assessed these performance measurements (metrics) to ensure that our financial path was still consistent with prior analysis. Based on the information contained within the 2015-19 Draft Delivery Program, Council's position of sound fiscal management is again re-iterated by all of the seven (7) metrics being met as predicted and as required under the State Government's Fit for the Future Program.

Council's performance measurements (metrics) are indicated in the table below:

PERFORMANCE BENCHMARKS	Benchmark	Met by 2019/20
Operating Performance Ratio	>0%	✓
Own Source Operating Revenue	>60%	✓
Building and Infrastructure Asset Renewal	>100%	✓
Infrastructure Backlog Ratio	<2%	✓
Asset Maintenance Ratio	>100%	✓
Debt Service Ratio	<20%	✓
Real Operating Expenditure	Declining	✓

Note: < represents less than and > represents greater than

4.5 Assessment of Council's Fit for the Future Proposals

The final Assessment Methodology released by IPART on 5 June 2015 outlines a number of key considerations for councils as listed below:

- IPART will base their assessment on the information provided in council proposals and any additional relevant information.
- Where IPART considers that a council's position is not sufficiently supported they may request the council to provide further supporting information. However, this will not be an opportunity for councils to submit new proposals.

The Terms of Reference given to IPART from the Premier assist in outlining the process following submission of Council's proposal after 30 June, 2015.

The IPART Assessment Methodology also assists in understanding the process moving forward and is summarised in the Table below.

Immediately post 30 June, 2015	IPART to publish all proposals (subject to confidentiality requirements).
Up until 31 July, 2015	IPART invites public submissions on Council's proposals.
August to October, 2015	IPART assesses Council's submissions and determines whether each Council is "Fit" or "Not Fit".
16 October, 2015	IPART's Final Report due to be provided to the Premier and Minister for Local Government.
Post 16 October, 2015	Cabinet consideration of IPART Report and determination of next steps. IPART report only made public after Cabinet decision.

4.6 Council's Submission

The NSW Office of Local Government has provided metropolitan Councils with the choice of two templates to complete:-

- **Template 1 - Council Merger Proposal**

This Template is designed for Councils that intend to undertake a voluntary merger and there must be agreement by all participating Councils.

- **Template 2 - Council Improvement Proposal**

This Template is designed for Councils that will not be undertaking a voluntary merger. In addition to allowing Councils to present a case for remaining the same, it also allows councils to submit a supplementary Business Case where agreement could not be reached with neighbouring councils.

IPART in their published Methodology for Assessment also allows Council to provide a Business Case with supporting documentation to accompany the information provided in either of the templates above.

In determining the basis for Council's submission to the NSW Government, staff have considered a number of key factors as outlined (but not limited to) in the table below:-

NSW Government Information	<ul style="list-style-type: none"> - Fit for the Future Documents
NSW Independent Local Government Review Panel (ILGRP)	<ul style="list-style-type: none"> - Future Directions for NSW Local Government - Twenty Essential Steps - April 2013 - Revitalising Local Government - October 2013
NSW Independent Pricing and Regulatory Tribunal (IPART)	<ul style="list-style-type: none"> - Review of Criteria for Fit for the Future - September 2014 - Methodology for Assessment of Council Fit for the Future Proposals - June 2015
Independent Research and Analysis	<ul style="list-style-type: none"> - Bigger is not Always Better: An Assessment of the Independent Local Government Review Recommendation that Pittwater Council be Amalgamated - May 2013 - Professor Brian Dollery - An Assessment of SGS Report Local Government Structural Change: Options Analysis - Professor Brian Dollery - Independent Review of Structural Options for Manly Council and Pittwater Council - April 2015 - KPMG
Feedback from the Pittwater Community	<ul style="list-style-type: none"> - Results of the Community Engagement including the Community Survey and Random Telephone Survey.
Local Government Environment	<ul style="list-style-type: none"> - Position being taken by other Councils across Metropolitan Sydney, particularly the other Councils in the SHOROC region.

State Political Environment	- The position and comments made by State Politicians, particularly the Premier, the Minister for Planning and Member for Pittwater and the Minister for Local Government. The composition of the Legislative Council.
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Having considered all of the above factors, it is recommended that Council finalise a submission to the NSW Office of Local Government for assessment by IPART as follows:-

- 4.6.1 Council complete Template 2 - Council Improvement Proposal and Supporting Business Case and documentation for Pittwater Council to maintain the status quo and remain as we are without any boundary changes.
- 4.6.2 Council complete a supplementary Business Case for possible consideration by IPART. This alternative option reflects the community's preference for Option 2 – Greater Pittwater should the NSW Government force structural change.

4.7 Forward Path

Over the next two weeks staff will finalise completion of Template 2 and the associated Business Cases and supporting documentation for Council's submission to IPART by the deadline of 30 June 2015.

5.0 ATTACHMENTS / TABLED DOCUMENTS

Attachment 1: Local Government Reform Timeline

Attachment 2: Report to the Council Meeting of 7 April 2015 and relevant Minutes

Attachment 3: Community Engagement Plan and Summary Outcomes

6.0 SUSTAINABILITY ASSESSMENT

6.1 GOVERNANCE & RISK

6.1.1 Community Engagement

Extensive community engagement and communications strategies have been implemented to ensure that balanced information has been distributed to the entire community of Pittwater. In addition a range of engagement activities as outlined earlier in this report have been available to the community to encourage their participation and provide multiple platforms for the community to provide feedback.

Attendance of over 350 people at the public meeting and nearly 4 000 surveys being completed demonstrates the high level of interest the community has in this matter. It is also evidence of the success of opportunities for the community to have a say. The addition of targeted activities such as work with high school students and a strong social media campaign have been a deliberate attempt to reach the broadest cross section of the community and try to reach those not normally engaged in local government activities.

See **Attachment 3** for a full account of the community engagement process.

6.2 ENVIRONMENT

6.2.1 Environmental Impact

Retaining a strong, locally focussed, sustainable Pittwater Council provides the best opportunity to continue to protect Pittwater's natural environmental heritage and respectful built form.

Pittwater has shown its capacity to successfully manage 25% of the Sydney coastline , 9 iconic ocean beaches, the vast Pittwater waterway, the interface with National Parks, salt marshes and wetlands all of a National, State and Metropolitan significance.

Pittwater's capacity to lead Environmental Planning is shown in the award winning introduction of 'e' planning into Local Government development assessment - innovative land release process in Warriewood – meeting State Government housing and employment targets – harmonious built form, the lowest DA determination times on the North Shore in the recently released 2013/2104 period, and high level partnerships with State Government.

Pittwater's management of natural hazards in both the public and private domains allowing for climate change effects leads the industry.

The suite of environmental documents developed and maintained reflects a cohesive community attitude to protect natural, indigenous and built heritage whilst allowing sustainable and complimentary development.

Should the NSW Government force structural change Pittwater Council's culture of reflecting local community aspirations and values, environmental innovation and its role in the metropolitan context could also lend itself to an expanded Local Government area. Application of this culture and approach would enhance opportunities to protect and manage features and areas currently beyond Pittwater's boundaries such as the catchment of the Narrabeen lagoon, the coastal strip, land release and employment opportunities, Kimbriki, integrated transport solutions and more sensitive urban form.

6.3 SOCIAL

6.3.1 Community Needs and Aspirations

Retaining a strong, locally focused, sustainable Pittwater Council articulates the community aspirations which reflect the specific demographic of the area in its environmental and urban contexts outlined within the Pittwater Social Plan.

Pittwater Council has successfully advocated for the retention of Mona Vale Hospital, has provided new and upgraded community centres and libraries, upgraded sporting facilities including additional ovals, a synthetic multi-use oval as well as assisting the Northern Beaches Indoor Sports Centre. Pittwater Council has embarked on an innovative strategy to 'enliven' its town and village centres to further showcase the areas cultural and artistic talents.

Should the NSW Government force structural change, the Council's alternative option of a Greater Pittwater would create a new community that has a more balanced age structure and dwelling diversity.

6.4 ECONOMIC

6.4.1 Economic Development

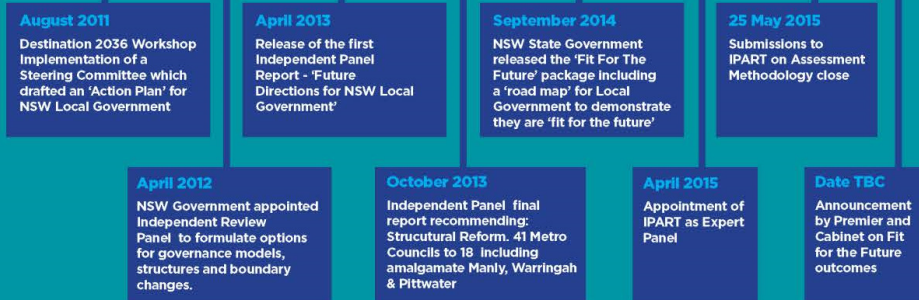
Retaining a strong, locally focused, sustainable Pittwater Council provides the best opportunity to address local employment opportunities in the context of Town and Village centres, niche industries / services and technology. The Pittwater Economic Plan maps out the challenges and opportunities in the Pittwater and regional context. Pittwater works closely with its Chambers of Commerce and the business community. Progressive upgrades to the Mona Vale Town Centre along with Newport Mainstreet upgrade are examples of local economic stimulus.

Report prepared by

Mark Ferguson
GENERAL MANAGER

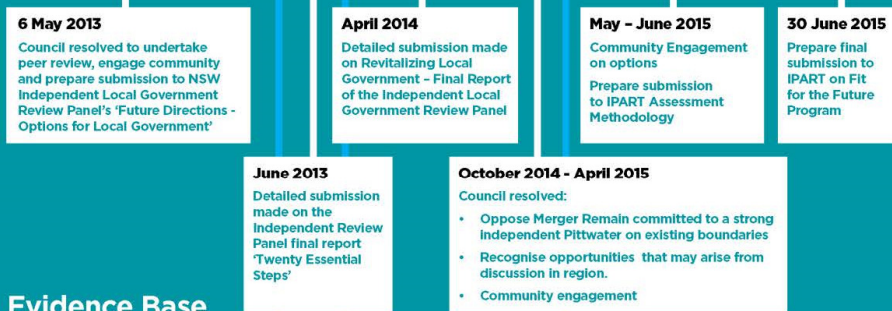
Timeline

NSW Policy Context



Timeline

Pittwater Council's Response



Evidence Base





SUBJECT: NSW Government's Fit For The Future Local Government Reforms

Meeting: Council

Date: 7 April 2015

COMMUNITY STRATEGIC PLAN STRATEGY: Corporate Management

COMMUNITY STRATEGIC PLAN OBJECTIVE: To ensure local democratic representation.

DELIVERY PROGRAM ACTION: To ensure Council's financial sustainability.
To ensure local democratic representation.

1.0 EXECUTIVE SUMMARY

1.1 SUMMARY

An Independent Local Government Regional Panel was appointed in April 2012 to undertake a state wide review. In October 2013 the Panel submitted a report to Government recommending among other issues the reduction of the number of Metropolitan Councils from 41 to 18 Councils. This also proposed the amalgamation of Manly Warringah and Pittwater Councils.

On 10 September, 2014 the NSW Government released its response to the final report in conjunction with the launch of its 'Fit for the Future' package. Pittwater Council has been consistently opposed to any proposal to amalgamate Manly, Warringah and Pittwater Councils into one Council, as detailed in its resolutions of 6 May, 2013, 24 June, 2013, 7 April, 2014 and 13 October, 2014.

To ensure these decisions were based on clear evidence and research, Council has sought independent advice, initially the research undertaken by Professor Brian Dollery and more recently by KPMG.

The evidence presented by KPMG enables Council to make a clear judgement in conjunction with the community on the right course of action. (Attachment A)

This report recommends the continued rejection of the amalgamation of the Manly, Warringah and Pittwater Councils into one Council. It proposes to undertake extensive community engagement to enable the community to consider two options, these being the No Merger option or Two Councils on the Northern Beaches being Greater Pittwater Council and Greater Manly Council.

2.0 RECOMMENDATION

1. That Council confirms its previous resolution of 13 October, 2014 that:-
 - "(a) Council is opposed to any proposed merger of Manly, Warringah and Pittwater into one Council.
 - (b) Council remains committed to a strong independent Pittwater Council providing local representation and delivery of local services to the people of Pittwater.

2. That the General Manager implement an extensive community engagement process to allow the community to consider two of the options outlined in the KPMG Summary Report, that being the following:-
 - Option 1: No Merger - This Option involves no merger of Councils on the Northern Beaches, with Manly Council, Pittwater Council and Warringah Council remaining as stand-alone autonomous entities.
 - Option 2: Greater Pittwater Council and Greater Manly Council - This Option involves boundary changes and splits the existing Warringah Council along a north-south divide to form two new merged entities.
3. That a further report be presented to the Council meeting of 1 June, 2015 outlining the results of the community engagement process.

3.0 BACKGROUND

3.1 PURPOSE OF THIS REPORT

To update Council on the progress of the NSW Government's Fit for the Future Local Government Reforms and the work undertaken by staff and consultants to respond to the Government's Fit for the Future agenda.

3.1.1 Independent Local Government Review Panel (ILGR Panel)

The Independent Local Government Review Panel was appointed by the NSW Government in April 2012, following an approach by the then Local Government and Shires Associations (now combined as "Local Government NSW"). Its task was to formulate options for governance models, structures and boundary changes and to:-

- Improve the strength and effectiveness of Local Government.
- Help drive the key strategic directions set out in the Destination 2036 Action Plan, and to further the objectives of NSW 2021: A Plan to Make NSW Number One (the State Plan).

3.1.2 Final ILGR Panel Report - "Revitalising Local Government", October, 2013

The ILGR Panel completed their final work in October, 2013. The final recommendations of the Panel included:-

- *Structural Reform - including Council amalgamations - are essential components of reform, particularly in metropolitan Sydney.*
- *Amalgamate 41 metropolitan Councils into 18 Councils.*
- *For the Northern Beaches, amalgamate Manly, Warringah and Pittwater Councils.*

Council made submissions to both the Interim Report of the Panel and to the Final Report. Council's submission on the Final Report to the NSW Government highlighted the following:-

Pittwater Council supported 39 of the 65 (in whole or in part) recommendations put forward. Generally these related to:-

- Fiscal responsibility.
- Strengthening the revenue base.
- Meeting infrastructure needs.
- Improvement, productivity and accountability.
- Political leadership and good governance.
- Regional Joint Organisations.
- State-Local Government relations.

Of the ILGR Panel's recommendations that are not supported by Pittwater Council, the most significant of these relate to suggested amalgamations. There is a better and simpler way forward that offers all of the proposed benefits put by the ILGR Panel without the divisive, extremely costly amalgamations program suggested by the ILGR Panel.

In particular the report, whilst quoting research papers, failed to adequately demonstrate any significant justification for an amalgamation of Pittwater, Warringah and Manly Councils.

3.1.3 Fit for the Future (FFTF) Reform

The NSW Government released its response to the ILGR Panel Final Report with its launch of the Fit for the Future (FFTF) package on 10 September 2014. The Fit for the Future package outlines a 'Roadmap' and Blueprint for Local Government asking Councils to demonstrate that they are 'fit for the future'.

In brief the NSW State Government is asking Councils to:

- Demonstrate how they will become and remain sustainable, provide effective and efficient services, and develop the scale and capacity to partner with the State Government to meet the needs of their communities into the future.
- Assess their future performance against a set of seven criteria developed by the Office of Local Government and based on the work of TCorp and the ILGR Panel and reviews by the Independent Pricing and Regulatory Tribunal. The criteria are outlined in the table below.
- Submit a proposal to the NSW Government by 30 June, 2015 using one of the three templates as outlined in the table on the next page:-

Template 1: Council Merger Proposal - to be completed by Council's proposing to merge.

Template 2: Council Improvement Proposal - to be completed by Councils not proposing to merge.

Template 3: Rural Council Proposal.

An Expert Panel is to review each Council's proposal and make recommendations to the Minister for Local Government by October this year.

Fit for the Future Councils - Criteria and Benchmarks			
	Definition:	Criteria/Benchmarks:	
Sustainability	<i>Generate sufficient funds over the long term to provide the agreed level and scope of services and infrastructure for communities as identified through the Integrated Planning and Reporting process.</i>	<ul style="list-style-type: none"> Operating Performance Ratio (> or equal to break-even over 3 years). Own Source Revenue Ratio (>60% over 3 years). Building and Infrastructure Asset Renewal Ratio (>1 over 3 years). 	Strategic Capacity Sustained improvement against each of the criteria to underpin the strategic capacity of Councils over the long term. This capacity, along with willingness and commitment to collaborate in good faith with government, communities and industry stakeholders will underpin fit for the future Councils.
Effective Infrastructure and Service Management	<i>Maximise return on resources and minimize unnecessary burden on the community and business, while working strategically to leverage economies of scale and meet the needs of communities as identified in the integrated Planning & Reporting process.</i>	<ul style="list-style-type: none"> Infrastructure Backlog Ratio (<2%). Asset Maintenance Ratio (>1). Debt Service Ratio (>0 and less than 0.2). 	
Efficiency	<i>Efficient service and infrastructure delivery, achieving value for money for current and future ratepayers.</i>	<ul style="list-style-type: none"> Real Operating Expenditure per capita over time. 	
Scale and Capacity	<i>Demonstrate strong organizational and regional capacity to mobilise resources to engage effectively across community, industry and government.</i>	<ul style="list-style-type: none"> Has the scale and capacity consistent with the recommendations of the Independent Panel. 	

3.1.4 Pittwater Council's Historical Position

Pittwater Council has consistently been opposed to any proposal to amalgamate the existing three Northern Beaches Councils into one mega Council.

In response to the release of information by the ILGR Panel and the State Government, over the last two years Council has on the following occasions resolved its opposition to amalgamation with Manly and Warringah Councils, and its support for remaining a strong independent Pittwater Council.

- Council Meeting 6 May, 2013.
- Council Meeting 24 June, 2013.
- Council Meeting 7 April, 2014.
- Council Meeting 13 October, 2014.

A separate Pittwater LGA was formed following a concerted campaign by the Pittwater community that emphasised concerns about how their part of the former Warringah Shire Council (predominantly the former A Riding) was being managed, in particular concern about:-

- The precedent of inappropriate and overdevelopment occurring in the Pittwater area.
- Impact on the environment.
- Chronic backlog of infrastructure improvements.
- Disproportionate rate revenue/expenditure.

These concerns were packaged in a detailed submission to the Boundaries Commission that included justification for a separate Pittwater LGA supported by financial analysis and a positive survey result from residents in favour of secession from Warringah.

Based on its deliberations, the Boundaries Commission recommended the creation of a separate Pittwater LGA. The Minister for Local Government supported that recommendation and agreed that Pittwater (as defined) secede from the former Warringah Shire Council. Pittwater LGA was subsequently established as a separate Local Government entity and this was gazetted on 1 May, 1992, being the first new Council in NSW for over 100 years.

This clearly shows that the decision to create a separate Pittwater Council was through a defined process that also had regard to the specific community of interest and significant points of difference, in particular a strong environmental focus, concern about over-development, inappropriate development, and the backlog and lack of infrastructure provision.

More recently over the last two years Council has twice engaged Professor Brian Dollery, a prominent academic in the Local Government field, to review the proposed benefits of one mega Northern Beaches Council. His two reports in part found the following:-

- A merger of the three Northern Beaches Councils will not improve financially sustainability.
- Given the diverse socio-economic profiles, there was no evidence to support a strong joint "community of interest" which is an essential pre-requisite for successful mergers.

Finally, although opposed to the merger of the three Northern Beaches Councils into one mega Council, Pittwater Council remains supportive of many of the other reforms of Local Government recommended by the ILGR.

3.2 POLICY IMPLICATIONS

Nil.

3.3 RELATED LEGISLATION

NSW Local Government Act 1993.

3.4 FINANCIAL ISSUES

3.4.1 Financial Results

Since 1992, Pittwater Council has gone from strength to strength in terms of its financial sustainability, inherently demonstrating that with sound management, governance and financial planning a medium size Council such as Pittwater can maintain a sound level of financial sustainability, regardless of its population base.

Since inception, Pittwater Council has maintained consecutive operating surpluses, a strong asset base that is addressing the needs of its community, appropriate cash flows to comfortably meet all liabilities, maintains only a small level of debt to fund its infrastructure obligations and generates sufficient revenue from own source revenue streams such as rates and fees and charges to be financially sound without any significant reliance on external sources including State and Federal grants.

Council's financial strength has been recognised by NSW Treasury (T-Corp) in its recent Financial Sustainability Assessment (FSR ratings), nominating Pittwater Council as SOUND-NEUTRAL in terms of its current and future financial sustainability. This rating places Council within the top 10 Councils within Metropolitan Sydney and gaining a higher financially sustainable rating than numerous larger Councils with populations in excess of 150,000 people.

As a part of the State Government's Fit for the Future Program Councils are being financially measured on "Sustainability", "Infrastructure and Service Management" and "Efficiency" by seven (7) performance measurements (metrics), with positive measures against benchmarks required by 2019/20.

As a part of Council's comprehensive review of its Fit for the Future Position, Council engaged KPMG to undertake a complete analysis of its Fit for the Future criteria and reform options, including its performance measurements. In terms of Council's financial measurements and assumptions, KPMG was asked to assess the Fit for the Future Performance Measurements under multiple options including Pittwater Council as a "Status Quo" Option as well as two other Reform Options. In addition, to the Fit for the Future Performance Measurements, KPMG was also asked to assess a Net Present Value (NPV) position for the two options over and above Pittwater Council as "Status Quo" which would represent the Base Case (or base measurement for NPV option analysis).

KPMG has concluded that Pittwater Council as "Status Quo" would meet all seven (7) performance benchmarks as required under the State Government's Fit for the Future Program.

KPMG also concluded that the other two (2) Reform Options as outlined at 4.6 of this Report would also meet all seven (7) performance benchmarks as required under the State Government's Fit for the Future Program.

Additionally, KPMG concluded that the two (2) other Reform Options would provide a positive NPV and therefore should be considered financially viable.

It should be noted that Pittwater Council as "Status Quo" is the base case and therefore is not analysed on a NPV basis but as indicated by its ability to meet all of the State Government's financial performance measures is therefore financially sustainable and a viable Option as with the other merger options.

4.0 KEY ISSUES

4.1 Informing the Community Regarding Fit for the Future

Since the release of the Government's Fit for the Future package, Council has informed the Community of the details and implications of the Government's Reform Agenda by:-

- Providing information on Council's website.
- Providing detailed briefings at the November and February round of Reference Group Meetings.
- Conducting market stalls during November last year at the major community market days in the lead up to Christmas.
- Providing information in the Mayoral Column.

4.2 Discussions with Councils in our Region

Consistent with Council's resolution of 13 October, 2014, below, the Mayor and General Manager have discussed the Fit for the Future package with neighbouring Council's:-

"That Council recognises that the Mayor and General Manager will participate in discussions at the SHOROC Extraordinary Meeting later in October with neighbouring Councils regarding the Fit for the Future Reform Agenda."

Discussion through SHOROC initially occurred at a session facilitated by KPMG in early November. Manly, Warringah and Pittwater Councils participated in these discussions with Mosman in attendance as an observer. Warringah Council has also sought discussion with Manly, Kuringai and Hornsby Councils.

Warringah Council wrote to Council on 14 January advising that it strongly endorses a new Northern Beaches Council and sought agreement to explore the case for a merger. It also opposed the splitting of Warringah LGA to create two new Councils for the region.

4.3 Engagement of KPMG

In November 2014, Pittwater participated in a workshop organised by SHOROC to examine possible merger options that could be agreed upon by SHOROC Councils. At the workshop it was apparent that no agreement could be reached about a unified pathway forward. Warringah Council indicated that it was only prepared to consider the option of one Council on the northern beaches or a merger of Manly and Warringah and Mosman Council could not commit to any option of mergers.

In the spirit of examining how Pittwater could demonstrate it was fit for the future, Pittwater agreed to partner with Manly Council to undertake further research about any merger options that may be appropriate. In particular, Pittwater was keen to gather a credible evidence base that would underpin these options. Robust data gathering, review of socio-economic, demographic, geographical and governance factors as well as sound financial analysis were important ingredients in building this evidence base. It was decided that Manly and Pittwater would engage KPMG to assist in undertaking this work. KPMG is highly regarded for its financial modelling and demonstrated a thorough understanding of the Fit for the Future context.

The scope of the project was developed with respect to Manly and Pittwater Council's strategic interests in developing a better understanding of the potential social, financial and governance outcomes of Local Government reform, as well as a strong awareness of the importance of the NSW Government's Fit for the Future reform agenda.

By using the Fit for the Future framework to guide the analysis, each Council will be able to understand the implications of reform in a broader and more comparable context.

The scope of the engagement was as follows:-

- Develop a suite of reform options (including a No Merger Option) in collaboration with Manly and Pittwater Councils.
- Review previous reform experiences in Australian and international literature to inform the development of a robust evidence base to guide Local Government reform assumptions.
- Develop an evaluation framework to underpin the analysis of the potential impacts of each reform option. The framework will capture both the quantitative and qualitative impacts and reflect NSW Government Fit for the Future requirements.
- Conduct a strategic and financial analysis of reform options including:-
 - Merger scenarios analysis to examine the potential impacts of four 'merger' scenarios on the local communities;
 - Financial statement modelling and testing of reform options;
 - Consideration of other reform options, drawing on experiences from other jurisdictions;
 - Internal stakeholder consultations and validation with the leadership of Manly Council and Pittwater Council;
 - Additional considerations such as service delivery pathways, asset utilisation and renewal, socio-economic and cultural cohesion and governance structures.
- Prepare a report that details the framework and evidence base upon which each Council, in collaboration with their community stakeholders, can make an informed decision regarding how best to respond to the NSW Government's Fit for the Future reform agenda (**Attachment A**).

4.4 Options Development and Analysis Undertaken by KPMG

A suite of reform options for the Northern Beaches region have been identified and discussed. The recommendation made by the ILGR Panel, namely the three existing Councils - Warringah Council, Manly Council and Pittwater Council - merge to form a single Northern Beaches Council is also taken into careful consideration in the options development process. Moreover, the discussion and analysis of Local Government reform options in the Northern Beaches region were underpinned by in-depth knowledge drawn from a breadth of sources and key insights. In particular, these relate to:-

- community and governance, specifically, a view around local representation and the capacity to meet the current and future service and infrastructure needs of the community;
- geography and environment, specifically, the management of environmental assets and catchment areas, natural geographic boundaries and urban characteristics;
- demographic profiles, specifically, detailed statistical analysis of the socio-economic characteristics of each of the Northern Beaches Councils; and
- Council services, specifically, a high level service and organisational review of the impact of each potential reform option on service delivery and quality.

KPMG commenced by examining a range of reform options and eventually narrowed this to four possible options as outlined in the Compendium to their report. In addition, it was important to test this Option against the claims being made by Warringah Council in support of one Council on the Northern Beaches. The options were:-

- Option 1 - No merger.
- Option 2 - Greater Pittwater Council and Greater Manly Council.
- Option 3 - Single Northern Beaches Council.
- Option 4 - Manly/Warringah Council Merger - Pittwater Status Quo.

During their analysis and based on discussions with both Pittwater and Manly Councils, it became clear that particularly for the Pittwater community Option 4 was not different to Option 1.

KPMG in their summary report have therefore included the following three options:

Summary of Reform Options	
Reform Option	Scenario Outline
Option One	<p><i>No Merger</i></p> <p>This is a status-quo option to be used as a base case for comparing the potential impacts of other reform options. As a base case, there are no mergers of local Councils on the Northern Beaches.</p>
Option Two	<p><i>Greater Pittwater Council - Greater Manly Council</i></p> <p>This option invokes boundary changes and splits the existing Warringah Council into two along a north-south divide. The northern component would merge with Pittwater Council to create a new 'Greater Pittwater Council' entity. The southern component would merge with Manly Council to create a new 'Greater Southern Council' entity</p>
Option Three	<p><i>Single Northern Beaches Council</i></p> <p>This option is consistent with the recommendations of the Review Panel and merges all three existing Northern Beaches Councils to create a new single entity for the region.</p>

4.5 Options for Community Consideration

Pittwater Council, after consultation with the community, has consistently rejected the proposal to amalgamate the three existing Councils into a Single Northern Beaches Council. In addition, independent research (Jetty) conducted by Warringah Council in November 2014 found that there was little support for a Single Northern Beaches Council amongst Pittwater and Manly residents as outlined in the table above.

If you had to choose between a new Northern Beaches Council and the status quo, which would you choose?			
	Status Quo	New Northern Beaches Council	Unsure
Pittwater Residents	65%	27%	8%
Manly Residents	49%	25%	17%

(Results of the random telephone survey of 1,200 residents across the Northern Beaches with 400 residents being surveyed in each Council area.)

The independent research undertaken by Professor Brian Dollery (as outlined in Section 3.2.4 of this report) for both Manly and Pittwater Council also found that:-

- Given the diverse socio-economic profiles, there was no evidence to support a strong joint "community of interest" which is an essential pre-requisite for successful mergers.

For these reasons it is proposed to further consult the community on only Options 1 and 2.

For each of these two reform options, that being:-

- Option 1: No Merger
- Option 2: Greater Pittwater Council and Greater Manly Council

the following outlines the KPMG economic and financial impact analysis of these options.

4.6 KPMG Summary Findings for the Two Options

The KPMG analysis helps to develop a robust evidence base to inform the Council's submissions to the Fit for the Future agenda, communicate the rationale for reform to community constituents and other major stakeholders, and aid policy development over time. Key impacts analysed included long term financial plans, staffing and employment, financial performance indicators, and net performance indicators.

The table below provides a high level summary of the performance of each Reform Option against the Fit for the Future benchmarks set by the Office of Local Government for 2019-20.

Summary of Fit for the Future Metrics					
Indicator	Option 1 No Merger			Option 2 Greater Pittwater Council Greater Manly Council	
	Pittwater	Manly	Warringah	Greater Pittwater	Greater Manly
Operating Performance Ratio	✓	✓	✓	✓	✓
Own Source Revenue	✓	✓	✓	✓	✓
Building & Infrastructure Asset Renewal	✓	✓	✓	✓	✓
Infrastructure Backlog	✓	✓	✓	✓	✓
Asset Maintenance Ratio	✓	-	✓	✓	✓
Debt Service Ratio	✓	✓	✓	✓	✓
Real Operating Expenditure per capita	✓	✓	-	✓	✓

As indicated within the Table above, Pittwater Council as "Status Quo" in Option 1 meets all of the State Government's seven (7) Performance Benchmarks indicating its ability to remain as a financially sustainable and viable Option.

In addition, the Reform Option of creating two Councils on the Northern Beaches also meets all of the State Government's seven (7) Performance Benchmarks indicating its ability to be financially sustainable and a viable entity (Option).

In terms of the net economic impacts of reform to the Councils, the table below provides a snapshot of the savings to be achieved and the transitional and longer term costs that will be incurred as a result of the creation of two Councils as proposed in Option 2:-

Summary of Net Economic Impact of Merger Reform Options	
	Option 2 Greater Pittwater Council and Greater Manly Council
PV Savings (\$ 000)	29,221
PV Costs (\$ 000)	(25,975)
NPV (\$ 000)	3,246
NPV with potential OLG financial assistance (\$ 000)	13,746
NPV as a proportion of Council size	0.2%

As indicated within the Table above, Option 2 returned a positive Net Present Value (NPV) result indicating it is financially viable on a strict economic analysis. As indicated previously within this Report, Pittwater Council as "Status Quo" being the No Merger Option is not analysed on a NPV basis as it forms the base for the other merger Options, but its ability to meet all of the State Government's financial performance measures demonstrates it is a financially sustainable and viable Option as with the other Option above.

4.7 Summary Analysis of the Two Options

The analysis by KPMG highlights that both of the options are viable - that is a No Merger Option with Pittwater remaining the same or create two Councils on the Northern Beaches by dividing Warringah Council and creating a Greater Pittwater Council and a Greater Manly Council.

The table below summarises some of the key aspects of the two proposed options for the community to consider:-

Summary of the KPMG Analysis for the Two Options		
	Option 1 No Merger (Pittwater Status Quo)	Option 2 Greater Pittwater/ Greater Manly
State Government FFF Seven Criteria 2019/2020	Meets	Meets
Net Financial Benefit Over 10 Years (NPV)	Nil	\$3,246,000
Impact on Communities of Interest	Unchanged	Slight Impact
Population - 2013	62,070	129,000

Summary of the KPMG Analysis for the Two Options		
	Option 1 No Merger (Pittwater Status Quo)	Option 2 Greater Pittwater/ Greater Manly
Population - 2031	82,000	164,400
Councillor Representation	Unchanged	Reduced
Improved Environmental Management	Unchanged	Improved
Improved Strategic Capacity	Unchanged	Improved

4.8 Proposed Community Engagement Regarding Options

It is proposed an intensive engagement process will be undertaken over a four to five week period (April – May).

The underpinning objectives for engagement:-

- To inform residents and ratepayers about the Local Government reform agenda.
- To provide information on the options being considered for Pittwater.
- To provide opportunities for the community to 'have a say' regarding these options.
- To gather evidence for a preferred option of Local Government for Pittwater.

The following methods will be utilised throughout the engagement period:-

- An information pack will be prepared and sent to ratepayers and residents. This pack will include information on the reform agenda, options being considered and how residents can have a say.
- A telephone survey of a random sample of Pittwater residents and an on-line survey. (A paper based version of the survey will be available for those community members unable to access the on-line version.)
- Face to face engagement by Councillors at Pittwater's Food and Wine Fair on the 3 May.
- Static pop up displays will be situated in two libraries and customer service centres.
- Updated information and promotion of how to have a say via Council's website and social media.
- Other strategies to engage with particular demographic groups that are often under-represented in community engagement activities such as young people.

4.9 Way Forward

The pathway forward following the engagement process is as follows:-

- 1 June, 2015 - Report presented to Council outlining the results of the community engagement process.
- 30 June, 2015 - Submission to NSW Government.
- September, 2015 - The submissions will be assessed by an Independent Expert Panel, who will make recommendations to the Minister for Local Government.
- October/November, 2015 (TBC) – Announcement from NSW State Government.
- A new Local Government Act scheduled to be phased in from September, 2016.

5.0 ATTACHMENTS / TABLED DOCUMENTS

- A. Independent Review of Structural Options for Manly Council and Pittwater Council. Part A: Summary Report
-

6.0 SUSTAINABILITY ASSESSMENT

6.1 GOVERNANCE & RISK

6.1.1 Community Engagement

In order to determine the best outcome for Pittwater, Council will undertake a comprehensive community engagement strategy with the community to seek their views on the options for Local Government. A priority of the strategy will be to fully inform the community about each option for consideration. This will include the distribution of balanced information about the options and provision of opportunities for the community to have a say about the type of Local Government they wish to be governed by. The strategy also aims to inform as many ratepayers and residents as possible so that we can receive feedback from the broadest cross-section of the community. Feedback from the community including community survey results will be reported to Council about the most preferred option for consideration.

6.1.2 Risk Management

Any business whether in its current position or subject to reform will have a level of economic, social and political risk attached to it. Under the reforms placed on NSW Local Government, the assessment of risk and what Option possess the least/most risk is hard to quantify and measure. Examples of Risk that could be associated with the Reform process may include:-

- Councils that remain "Status Quo" and small in scale may no longer have as much political power as a smaller entity in a State where larger and more potentially influential Councils on a State and Federal Level will prevail, or
- Proposed New Reform Options will be subject to implementation challenges within themselves bringing a significant level of risk to ensure economic, social and political promises will be delivered.

- To date, evidence has suggested that any Local Government reform is challenging and holds inherent risks on an economic, social and political level. At this stage of the reform process it is difficult to quantify such levels of risk but should be acknowledged in the reform process moving forward.

6.2 ENVIRONMENT

6.2.1 Environmental Impact

Retaining a strong, locally focussed, sustainable Pittwater Council provides the best opportunity to continue to protect Pittwater's natural environmental heritage. Pittwater has 25% of the Sydney coastline with its 9 ocean beaches and dominant headlands; the Pittwater waterway is the same size as Sydney Harbour north of the Harbour Bridge and contains a large part of Ku-ring-gai Chase National Park. Over the past 21 years Pittwater Council has also acquired and hence added over 140 hectares (1,400,000 sqm) of environmentally significant and recreational open space lands including: -

- Warriewood Wetlands (35 Ha), Ingleside Chase Reserve (additional 65ha), Wunnererremy Bay foreshore (12 ha), Currawong (20 ha) Warriewood Valley ovals and creekline corridors (15 hectares).

6.3 SOCIAL

6.3.1 Community Needs and Aspirations

Retaining a strong, locally focused, sustainable Pittwater Council articulates the community aspirations which reflect the specific demographic of the area in its environmental and urban contexts outlined within the Pittwater Social Plan.

Pittwater Council has successfully advocated for the retention of Mona Vale Hospital, has provided new and upgraded community centres and libraries, upgraded sporting facilities including additional turf ovals, a synthetic multi-use oval as well as assisting the Northern Beaches Indoor Sports Centre. Pittwater Council has embarked on an innovative strategy to 'enliven' its town and village centres to further showcase the areas cultural and artistic talents.

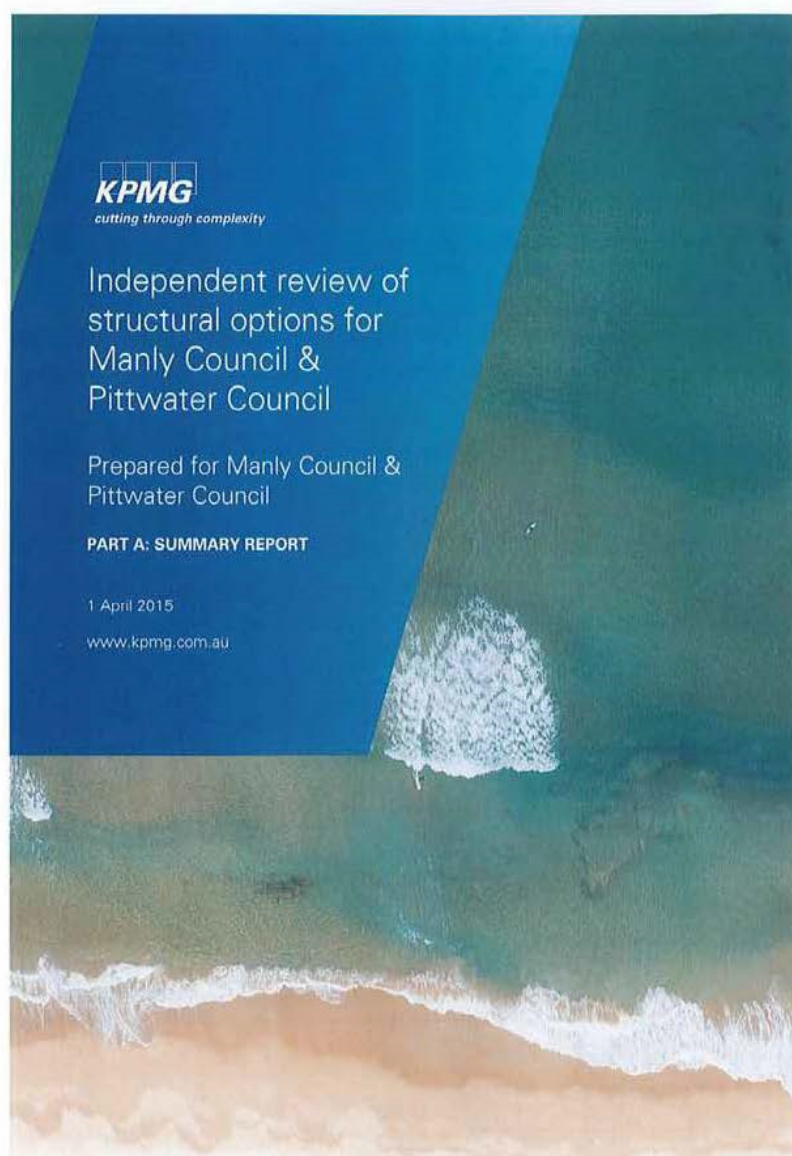
6.4 ECONOMIC

6.4.1 Economic Development

Retaining a strong, locally focussed, sustainable Pittwater Council provides the best opportunity to address local employment opportunities in the context of Town and Village centres, niche industries / services and technology. The Pittwater Economic Plan maps out the challenges and opportunities in the Pittwater and regional context. Pittwater works closely with its Chambers of Commerce and the business community. Progressive upgrades to the Mona Vale Town Centre along with Newport Mainstreet upgrade are examples of local economic stimulus.

Report prepared by

Mark Ferguson
GENERAL MANAGER



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Inherent Limitations

This report is delivered subject to the agreed written terms of KPMG's engagement.

This report provides a summary of KPMG's findings during the course of the work undertaken for Manly Council and Pittwater Council under the terms of the engagement letter dated 18 December 2014. The contents of this report do not represent our conclusive findings, which will only be contained in our final detailed report – Part B, Compendium Report and Appendices.

This report is provided solely for the benefit of the parties identified in the engagement letter and is not to be copied, quoted or referred to in whole or in part without KPMG's prior written consent. KPMG accepts no responsibility to anyone other than the parties identified in the engagement letter for the information contained in this report.

Third Party Reliance

This report is solely for the purpose set out in the Scope Section and for Pittwater Council and Manly Council's information, and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent.

This report has been prepared at the request of Pittwater Council and Manly Council in accordance with the terms of KPMG's engagement letter dated 18 December 2014. Other than our responsibility to Pittwater Council and Manly Council, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

Key Findings

Independent Review of Structural Options for Manly Council & Pittwater Council

- The purpose of this review was to support Manly Council and Pittwater Council build a robust evidence base on the potential impacts of local government reform on the Northern Beaches.
- The complete findings, analysis and assumptions are contained in *Part B: Compendium Report and Appendices*.
- The analysis found that each of the Northern Beaches councils broadly meet key Fit for the Future financial benchmarks – even in the absence of any council mergers.
- Each of the Northern Beaches councils are ranked in the top 22 per cent of NSW councils when compared against TCorp's financial sustainability risk ratings.
- An analysis of the potential financial impacts of council merger options indicated that each option offered net benefit of between \$3.3m and \$34.5m over a ten year period from 2014-15 in net present terms. This is equivalent to between a 1.9 per cent and 20.4 per cent increase in council's operating results over ten years.
- When financial support from the NSW Government to assist with council mergers is included in the analysis, the net financial impact each option offers increases to between \$13.7m and \$44.9m in net present terms over the ten years. This is equivalent to between a 8.1 per cent and 26.5 per cent increase in council's operating results over ten years.
- When measured as a proportion of the merged councils' operating revenue the net financial impacts that each option offers range from 0.2 per cent to 2.1 per cent over ten years.
- Experiences in other jurisdictions indicates poorly planned implementation of structural change, or inadequate oversight of mergers risks eroding the estimated financial impacts.
- Both Manly Council and Pittwater Council will be able to achieve all of the Fit for the Future performance benchmarks by 2020 in all of the reform scenarios considered.
- There is strong evidence to suggest both Manly Council and Pittwater Council demonstrate 'strategic capacity' based on community outcomes achieved by the councils.
- Examination of the impacts of non-financial factors indicated that each structural option offered both advantages and disadvantages that will need to be considered by the community.
- Important non-financial factors to consider include implications of merger options for the community and governance, the environment, as well as service delivery by councils.
- A review of the demographic and socio-economic characteristics of the region highlighted both shared interests and distinct variations that may impact how a council is to meet the service and infrastructure needs of local communities.

No Merger Option



All 3 councils have a TCorp FSR rating of 'Sound'



Manly = 44,000
Pittwater = 62,000
Warringah = 152,600



Manly = 4,900
Pittwater = 6,900
Warringah = 15,200



Manly = 6 / 7
Pittwater = 7 / 7
Warringah = 6 / 7

Greater Pittwater Council & Greater Manly Council Option



NPV = \$3.3m over ten years for \$13.7m with NSW Government financial assistance



Greater Pittwater Council = 129,000
Greater Manly Council = 130,000



Greater Pittwater Council = 12,900
Greater Manly Council = 13,000



Greater Pittwater Council = 7 / 7
Greater Manly Council = 7 / 7

Single Northern Beaches Council Option



NPV = \$34.5m over ten years for \$44.9m with NSW Government financial assistance



Northern Beaches Council = 259,000



Northern Beaches Council = 25,900



Northern Beaches Council = 7 / 7

Introduction & Approach

Local governments have a long history in Australia and play an important role in ensuring local communities function effectively with appropriate levels of services and infrastructure. For many, local government is also the most accessible tier of government and its institutions form part of the fabric of a community's local identity.

In recent years, the role and financial sustainability of local councils in NSW has been under the spotlight with a series of independent reports, public consultations and reviews commissioned by the State Government. Significantly, the Independent Local Government Review Panel (the Review Panel) recommended a number of reforms to the structure and operations of the local government sector, this included: strengthening audits of local councils; reviewing the rate system and rate-pegging; redistributing financial assistance grants; reducing the compliance burden; and revising the role of mayors, councillors and general managers.

The Review Panel's recommendations also included consideration of possible council mergers with a view to enhancing the long-term financial sustainability of local councils in NSW.¹ In regards to the Northern Beaches, the Review Panel recommended a merger of Manly Council, Pittwater Council and Warringah Council to form a single Northern Beaches council. The basis for this recommendation was threefold:

- A merger of Manly Council, Pittwater Council and Warringah Council into a single entity is required to create a council of sufficient 'scale' with a combined projected population of more than 307,000 residents by 2031.
- The close functional interaction and economic and social linkages between Manly Council, Pittwater Council and Warringah Council constituted an 'island' in the metropolitan Sydney region.
- The need for integrated planning of town centres, coastal management and transport infrastructure on the Northern Beaches.²

The NSW Government announced in September 2014 the Fit for the Future reform initiative aimed at building a stronger system of local government in NSW. The NSW Government's reform is wide-ranging and encompasses a commitment to introduce new streamlined legislation for local government, reductions in red tape and regulation, improved council performance benchmarking and access to cheaper finance for community infrastructure.³

A key component of the NSW Government initiative is also the requirement for each council to prepare a Fit for the Future submission outlining how it will be positioned to deliver the future service and infrastructure needs of its communities.

¹ The Destination 2036 Action Plan provided impetus for examining the future of the local government sector in NSW and pre-empted the establishment of the Panel Review. Commencing in 2012 the Panel Review issued a series of discussion papers and invited public submissions over a 15 month period. Analysis by NSW Treasury Corporation (TCorp) on the financial sustainability of the sector and an infrastructure audit completed by the NSW Office of Local Government (OLG) in 2013 also contributed to the overall evidence base and influenced the Panel Reviews final report and recommendations.

² Independent Local Government Review Panel (2014), Revitalising Local Government, January 2014.

³ OLG (2015), Investing in Local Government Reform, <http://www.fitforthefuture.nsw.gov.au/investing-in-local-government-reform>, accessed 15 March 2015.

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Purpose

This summary report provides an overview of the findings of analysis of local government structural options for Manly Council and Pittwater Council. The purpose of the analysis was to:

- develop a robust evidence base to support Manly Council and Pittwater Council in assessing potential structural options for local government reform on the Northern Beaches;
- understand the potential advantages and disadvantages of each structural option;
- enable informed participation in the NSW Government's *Fit for the Future* reform agenda by Manly Council and Pittwater Council; and
- consider wider implications of local government reform.

This Part A: Summary Report should be considered alongside the detailed evidence base available in Part B: Compendium Report and Appendices.

Scope

The scope of the project was to:

- develop a suite of structural options (including a base case) in collaboration with Manly Council and Pittwater Council;
- review previous reform experiences in Australian and international jurisdictions to inform robust assumptions to guide analysis of local government reform;
- develop an evaluation framework of quantitative and qualitative indicators to underpin the analysis of the potential impacts of structural change.
- conduct a strategic and financial analysis of the structural options for Manly Council and Pittwater Council, including:
 - merger scenario analysis to examine the potential impacts of council mergers on local communities;
 - financial statement modelling and testing of structural options;
 - potential community and environmental impacts of structural options;
 - consideration of other structural options, drawing on experiences of other jurisdictions;
 - internal stakeholder consultations and validation with the leadership of Manly Council and Pittwater Council; and
 - consideration of issues relating the implementation of structural change.

The scope of the project has been developed with an understanding of the objectives of Manly Council and Pittwater Council, the NSW policy context, as well as the data, literature and local insights available to the project team. While some limitations to the analysis have been identified, these are addressed in a systematic manner in Part B: Compendium Report and Appendices.

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Approach

The approach to undertaking the analysis of potential impacts of local government reform was:

- an iterative process that was evidence-based and drew on the lived experiences of local government reform in other jurisdictions;⁴
- underpinned by an evaluation framework developed to address key limitations of previous analyses of local government reform;
- structured to acknowledge the importance of 'strategic capacity' and the NSW Government's Fit for the Future performance benchmarks; and
- consultative and considered the local context of the Northern Beaches communities to assess the broad implications of reform.

Figure 1 provides an overview of the approach formulated to build a comprehensive evidence base on the potential impacts of local government reform

Figure 1 Approach to developing an evidence base – key phases and outcomes



The key considerations to assessing potential impacts of each structural option include:

- Financial and economic** – net financial and economic impacts of each option and projected performance against the Fit for the Future metrics.
- Community and governance** – local representation and capacity to meet the future service and infrastructure needs of the community.
- Geography and environment** – management of environmental assets and catchment areas, urban characteristics and development potential.
- Demographic profile** – selected regional and socio-economic characteristics presented by each reform option.
- Service delivery** – high-level review of how each structural option may impact on the ability of a council to meet the needs of local communities.

⁴ Jurisdiction case studies from Queensland, Victoria, Auckland (New Zealand) and Toronto (Canada) were drawn on to guide the methodology and underlying assumptions for assessing potential local government reform impacts. These case studies are available in Part B: Compendium Report and Appendices.

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Strategic Capacity

Central to the Fit for the Future reform agenda is the development of a local government sector that has the 'strategic capacity' to deliver services and infrastructure to local communities. Therefore, an important component of each Council's submission to the NSW Government will be an evidence base that details the ability of individual councils to reach 'strategic capacity' or the appropriate 'scale and capacity'. However, the context in which these concepts have been used and put forward by the Review Panel offers a limited definition that is difficult to measure or benchmark.

Varying perspectives

'Strategic capacity' in the context of discussions on the future of the local government sector in NSW is commonly viewed through the lens of 'scale' and in particular, population size. As a result, one of the most salient elements of the debate about local government reform has been the creation of larger councils – achieved either through boundary adjustments or council mergers. The recommendation put forward by the Review Panel highlighted a preference for larger councils, with population size commonly used as a proxy for 'strategic capacity', as well as the associated economies of scale to be achieved through greater efficiencies in service delivery.

While this perspective of 'strategic capacity' seeks to address some of the issues around financial sustainability, it is also important to develop a more holistic understanding of the factors that influence the type, scale and quality of service provision across NSW councils.

The Review Panel itself acknowledged that local councils in NSW provide a wide range of goods and services for local communities and this can be expected to continue to diversify and expand. As such, the issue of 'scale' may not be as relevant and a more local understanding of 'strategic capacity' is required. For instance, the priorities and expectations of communities will differ region to region and council by council, and it is therefore this local context that should be drawn to determine 'strategic capacity'.

Measuring 'strategic capacity'

There is a strong rationale for defining and measuring 'strategic capacity' beyond the narrow focus of 'scale' and population size. Ideally, clearly defined benchmarks could be established to appropriately measure the quantitative and qualitative performance of a council. However, understanding 'strategic capacity' in this context is complex and the Independent Pricing and Regulatory Tribunal noted the difficulties around measuring such a concept.⁵ For the purposes of this review, it is suggested that 'strategic capacity' should be addressed and understood not simply in terms of 'scale' and population size, but as an outcome-based assessment.

Table 1 below Manly Council and Pittwater Council have drawn heavily on the local context in demonstrating performance against the 'strategic capacity' criteria formulated by the Review Panel.

⁵ Independent Pricing and Regulatory Tribunal (2014), Review of criteria for Fit for the Future, September 2014.

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Table 1 Demonstrating strategic capacity – Examples of Manly Council and Pittwater Council

Selected examples	Robust revenue base & increased discretionary spending	Scope to undertake new functions and major project	Ability to employ wider range of skilled staff	Knowledge, creativity and innovation	Advanced skills in strategic planning and policy development	Effective regional collaboration	Credibility for more effective advocacy	Capable partner for state and federal agencies	Resources to cope with complex and unanticipated change	High quality political and managerial leadership
Regional Achievements										
Worked with SHOROC to secure \$844 million in NSW Government funding for public transport and \$129 million for health services in the region.										
Manly Council										
Delivering multi-million dollar projects such as the new Aquatic Centre, and upgrades to Manly Town Centre and Manly Oval.										
Commitment to being an 'employer of choice' and recent staff satisfaction survey results at a record high.										
Diverse programs, events and initiatives to strength social capital in the area, such as the Food and Wine and Jazz Festivals.										
Community partnerships have promoted sustainable waste management as recognised with two 'Keep Australia Beautiful' awards.										
Pittwater Council										
Rationalisation of low benefit property assets and other redevelopments have supported a strong balance sheet, with cash reserves and low debt levels.										
Track record of partnering with the state government to deliver and retain services and infrastructure for community.										
Targeted leadership programs and initiatives secured a talented workforce with Council winning the prestigious H R Blunt Award (2003) and a finalist in 2013.										
Recognised leader in corporate, strategic planning and policy development with a LGMA Highly Commended Award for 'Social Plan' and 'Economic Development Plan'.										

Source: Manly Council and Pittwater Council

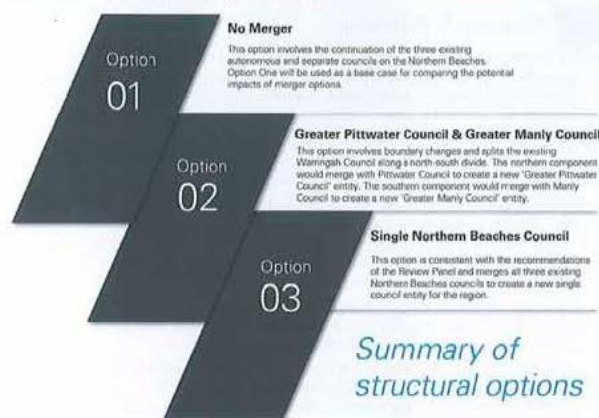
Detailed analysis and supporting evidence of strategic capacity is available in **Part B: Compendium Report and Appendices**.

Structural options for analysis

It was also considered important to look beyond the reform option recommended by the Review Panel. Following a review of the available evidence and consultations with Pittwater Council and Manly Council a shortlist of three potential reform options were agreed for further analysis and consideration.

Figure 2 describes the local government reform options considered for this project.

Figure 2 Structural options considered for further analysis



The potential impacts of each of these structural options for Manly Council and Pittwater Council are examined on the following pages followed by a brief analysis of the issues for consideration in implementing structural change.

Option 1

No Merger

This option involves no merger of councils on the Northern Beaches, with Manly Council, Pittwater Council and Warringah Council remaining as stand-alone, autonomous entities.



Financial & Economic

Analysis of published and unpublished data from each of the councils offered insights into the overall financial health of the Northern Beaches councils. Significantly, each of the councils broadly meet key financial benchmarks – even in the absence of any council mergers. Key financial and economic considerations include:

- All three councils were assessed by TCorp in 2013 as having a Financial Sustainability Rating (FSR) of 'Sound' – placing each of the Northern Beaches councils in the top 22 per cent of NSW councils based on FSR ratings.
- Both Manly Council and Pittwater Council were assessed as having a 'Neutral' FSR Outlook. This indicated there was unlikely to be changes in council's FSR rating over the short term. Warringah Council was assessed as having a 'Positive' FSR outlook – indicating there was likely to be an improvement in the council's FSR rating over the short term.⁶
- In the absence of any council mergers, each of the Northern Beaches councils will remain a modest but important local employer with 1,256 staff on a FTE basis currently employed across the three councils.
- As outlined in Table 2, nearly all of the Fit for the Future benchmarks have been met by the Northern Beaches councils. Where benchmarks have been partially met, the performance shortfall is marginal and is likely to be met post-2020 or earlier with appropriate council intervention.

Table 2 Fit for the Future Benchmarks – Option One

INDICATOR	Manly Council	Pittwater Council	Warringah Council
Operating Performance	✓	✓	✓
Own Source	✓	✓	✓
Asset Renewal	✓	✓	✓
Infrastructure Backlog	✓	✓	✓
Asset Maintenance	✓	✓	✓
Debt Service	✓	✓	✓
Real Operating Expenditure	✓	✓	✓

Legend: ✓ = Benchmark met by 2020; ✗ = Benchmark not met

Note: / refers to where a council has fallen marginally short of achieving the benchmark by 2020.

Source: KPMG analysis, drawing on raw data provided by councils. Further details and analysis is available in Part B: Compendium Report and Appendices.

⁶ TCorp (2013), Financial Sustainability of the NSW Local Government Sector, published April 2013.

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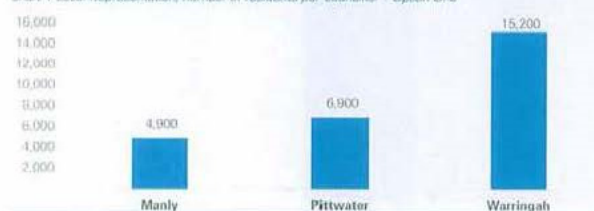
Community & Governance

The Northern Beaches of Sydney is known as a region that is an attractive place to live, work and visit.⁷ The communities of the Northern Beaches are both closely integrated by proximity and transport and, at the same time, distinctly individual. For example:

- The relatively small size of Manly Council should be viewed in the context of its high density living, concentrated entertainment and town centre precinct and world-renowned tourist destination with more than 8 million visitors each year.
- In contrast, Warringah Council is characterised by its large geographic reach and the urban sprawl of its suburbs stretching from the doorstep of Manly, through key retail destinations to the national parks on the Hawkesbury River.
- 'Peninsular' living is the lifestyle of choice for residents of Pittwater Council where the region's natural beauty and iconic environment stretch from the shoreline of Narrabeen Lagoon through the town centre of Mona Vale to the exclusive surrounds of Palm Beach.

The differences in the size and scale of each of the councils on the Northern Beaches is also reflected in varied approaches to governance and local representation – as measured by the number of residents per elected councillor (see Chart 1). Manly Council and Pittwater Council have relatively similar levels of local representation, while in comparison Warringah Council has more than three times the number of residents per councillor than Manly Council.

Chart 1 Local Representation, number of residents per councillor – Option One



Source: KPMG analysis, using approximate Estimated Resident Population for each Council.



Geography & Environment

The environmental features of the Northern Beaches are the region's natural assets. These assets are of state significance and have been prioritised in the Sydney Metropolitan Plan, requiring each of the councils to individually and jointly maintain responsibility for:

- Protecting and enhancing national and regional parks, including strategic additions to enhance bushland connectivity;

⁷ SHOROC (2015), State of the Region Report, <http://www.shoroc.com/regionalprofile/>, accessed on 24 March 2015.

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- Improving the health and resilience of the marine estate (such as the tributaries and aquatic habitats of Pittwater); and
- Protecting early strategic consideration of bushfire, flooding and coastal erosion in relation to any future development on the Northern Beaches.

In the absence of mergers, collaboration between each of the councils to manage effectively the region's environmental assets will become more important. The pressures of a growing population, climate change and urban development will impact on these assets. Given a number of environmental assets cross existing council boundaries collaboration will require a joint commitment by the region's leaders and partnerships with the NSW Government.



Demographic Profile

There are important variations in the demographic profile of the Northern Beaches region that are relevant to the nature of council services and infrastructure demanded by the community. Each of the Northern Beaches councils has tailored respective Community Strategic Plans to address the evolving specific needs and priorities of residents. Table 3 below provides a snapshot of selected demographic indicators that may be relevant to how local councils prioritise the delivery of services for local communities.

Table 3 Selected demographic indicators - Option One

Selected Indicator	Manly Council	Pittwater Council	Warringah Council
Population (2013)	44,200	62,000	152,600
Land Area (km ²)	14	90	149
Median Age (years)	37	42	38
Population Density (per km ²)	3,157	688	1,024
Median Income (\$ per year)	87,682	70,747	65,007
Median house price (\$ '000's)	1,557	1,199	1,067
Households with children (%)	29.5	38.4	36.7
Travelled to work by public transport (%)	28.7	7.9	15.4

Source: ABS Estimated Resident Population (2013); profile.id; NSW Department of Planning and Environment; atlas.id and KPMG analysis.

There are a number of distinguishing features relating to the demographic profile of the three Northern Beaches councils. For example:

- Manly Council has a relatively younger population with a higher proportion of households without children. It also has the highest median income of the three Northern Beaches councils and a larger proportion of residents that commute to work using public transport.
- Warringah Council has a larger and more diverse population. It has the lowest median income of the Northern Beaches and has a mix of low density suburbs as well as town centres around Brookvale and Dee Why.
- Pittwater Council has the highest median age of the Northern Beaches, a much lower housing density and the second highest median income of the region. Similar to Warringah Council, nearly 40 per cent of households are families with children.

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