

# COUNCIL MEETING

# AGENDA

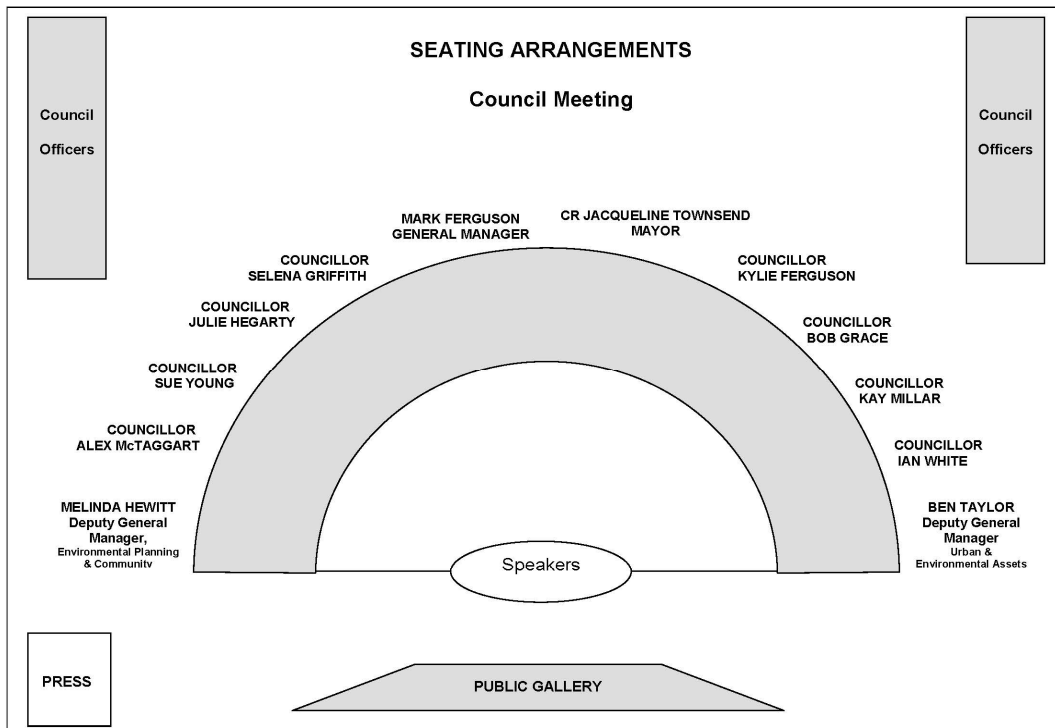
4 April 2016

Commencing at 6.30pm at  
Mona Vale Memorial Hall  
1 Park Street, Mona Vale

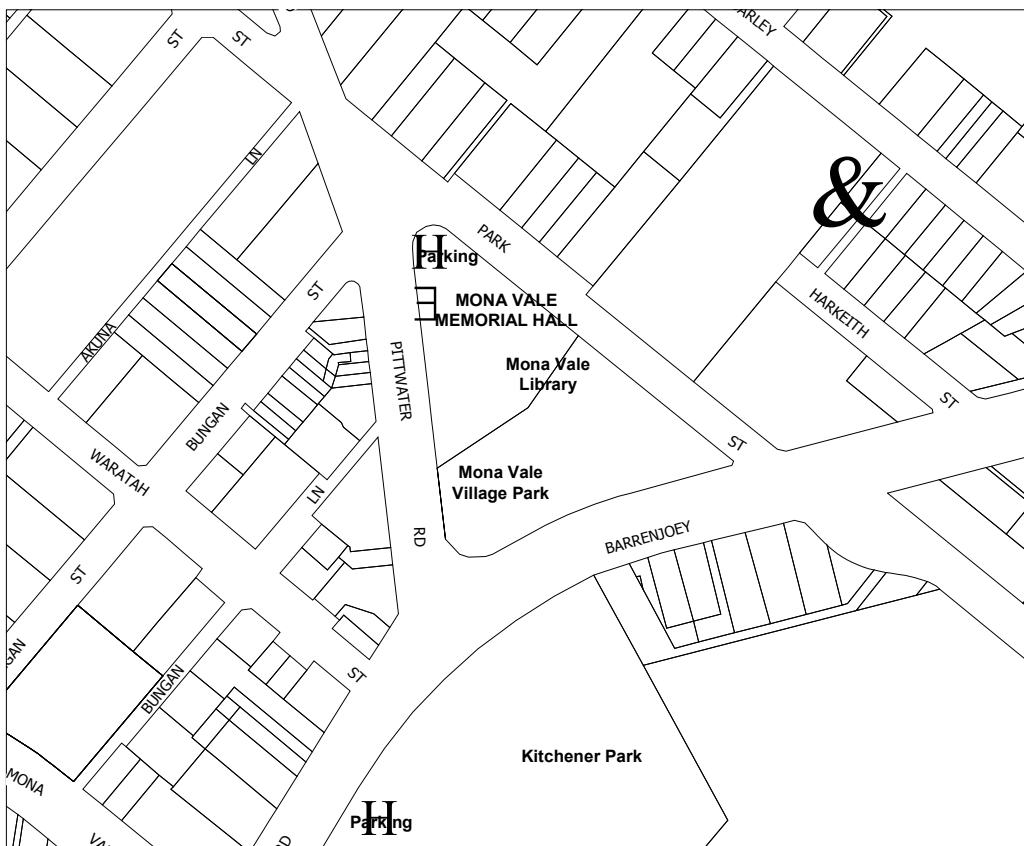
M J Ferguson  
General Manager



## Seating Arrangements



## Meeting Location



All Pittwater Council's Agenda and Minutes are available on the Pittwater website at [www.pittwater.nsw.gov.au](http://www.pittwater.nsw.gov.au)

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## **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.**



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## Council Meeting

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### 1.0 Apologies

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

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### 2.0 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.

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### 3.0 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 19 March 2016.

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### 4.0 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.*

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<b>5.0</b>	<b>Councillor Questions with Notice</b>
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Nil.

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<b>6.0</b>	<b>Mayoral Minutes</b>
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Nil.

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<b>7.0</b>	<b>Business by Exception</b>
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Items that are dealt with by exception are items where the recommendations contained in the reports in the Agenda are adopted without discussion.

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<b>8.0</b>	<b>Council Meeting Business</b>
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## **C8.1 Council Merger Proposal - Pittwater Warringah Manly**

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**Meeting:** Council

**Date:** 4 April 2016

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**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

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### **EXECUTIVE SUMMARY**

On Wednesday 26 February 2016, the Delegate for the current merger proposal, Mr Richard Pearson, wrote to Council to advise that under Section 218E of the Local Government Act, Warringah Council has made a proposal to the Minister for Local Government for the amalgamation of the Pittwater Council, Manly Council, and Warringah Council local government areas. A copy of the proposal as displayed on the portal is attached (refer **Attachment 1**).

The Minister for Local Government has referred the proposal to the Acting Chief Executive Officer of the Office of Local Government for examination and report. The Acting Chief Executive Officer has delegated the function of examining and reporting on the proposal to Mr Pearson.

Mr Pearson will be conducting an examination of this amalgamation proposal having regard to the factors contained in section 263(3) of the Act.

Over four years of community engagement, it is clear Pittwater residents are strongly opposed to the creation of one council for the northern beaches.

Mr Pearson strongly encourages the Council to provide a submission on the proposal. Submissions can be made until 5pm EST on Friday 8 April 2016 and can be submitted:

Online at [www.councilboundaryreview.nsw.gov.au](http://www.councilboundaryreview.nsw.gov.au)

By mail to Council Boundary Review Submissions, GPO Box 5341, Sydney NSW 2001

The Delegate has undertaken a public inquiry which included three public meetings and written submissions on the aspects of the proposal primarily related to Section 263(3) of the Local Government Act outlining matters referred to the Boundaries Commission (further outlined in section 4.3). Submissions can be made until 5pm, Friday 8 April 2016.

The public meetings were at Mona Vale 21 March 2016, Manly 22 March 2016 and Dee Why 23 March 2016. Approximately 700 people attended the sessions. Of the approximate 150 people who spoke, approximately 85 people spoke in opposition to the proposal and 65 people supported the proposal.

The submission will be circulated separately.

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## **2.0 RECOMMENDATION**

- 1. *That the submission against the merger proposal for Pittwater Council, Warringah Council and Manly Council be adopted.***
  - 2. *That a copy of Council's submission be forwarded to the Delegate responsible for the southern merger proposal.***
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## **3.0 BACKGROUND**

### **3.1 PURPOSE**

The purpose of this report is to provide Council with the information released by the NSW Government on 26 February 2016 regarding council merger proposals and boundary review and endorse the submission to the delegate.

### **3.2 BACKGROUND**

This Local Government structural reform process has been active for over four years. During this time Council has actively participated, through the preparation of evidence based submissions, to strongly argue Council's and the community's position with respect to the future Local Government structure for this area. The Council has also actively engaged its community through several channels to inform the community and seek opinions on the options going forward.

Over four years of consultation, it is clear Pittwater residents are strongly opposed to the creation of one council for the northern beaches:

- 89% of the over 4000 Pittwater residents surveyed want the status quo. If forced:
  - 85% are opposed to one northern beaches council
  - 86% support the 'Greater Pittwater' model of two councils for the region

Following the release of the IPART report in late 2015 the NSW Government asked councils to consider submitting merger preferences by 18 November 2015. At its meeting on 16 November 2015, Council resolved to submit the following merger preferences:

- 1. *That Pittwater Council reaffirms its opposition to forced amalgamation of Councils in New South Wales.***
- 2. *That Pittwater Council reaffirms its commitment to local government remaining local to ensure local democracy.***
- 3. *That whilst Pittwater Council's position is the status quo with an independent Pittwater Council providing local representation and delivery of local services to the people of Pittwater on its current boundaries, Council provide the following merger preferences if forced:***

**(a) *Preference One - Pittwater Council***

**(b) *Preference Two - Warringah Council***

***(Explanation: Redefining Pittwater Council and achieving two Councils on the Northern Beaches.)***

- (c) *Preference Three - Warringah Council*  
(*Explanation: Redefining Pittwater Council and achieving two Councils in the SHOROC region.*)
  - (d) *Complete the box for Comments on Preferences as follows:*  
    - Preference 1 - Pittwater Council status quo.*
    - Preference 2 - 3 Councils into 2, relocating Pittwater's boundary including: Terrey Hills, Narrabeen, Collaroy, Collaroy Plateau, Cromer, Oxford Falls, Frenchs Forest, Duffys Forest, Belrose, Davidson. Warringah's remaining suburbs merge with Manly.*
    - Preference 3 - on same basis as preference 2 merging 4 SHOROC Councils into 2 Councils by adding Mosman.*
4. *That Council provide the feedback in relation to IPART's assessment of Council's Fit for the Future submission.*
  5. *That a copy of this resolution and report be sent to the following:*
    - *Premier of NSW, Hon Mike Baird*
    - *Local Member, Hon Rob Stokes MP*
    - *Minister for Local Government, Hon Paul Toole*

In consideration of Pittwater's merger preference, the NSW Government announced on 18 December 2015 it would be putting forward an amalgamation proposal for preference three, being the merger of the four SHOROC councils into two.

**On Monday 21 December 2015, Council resolved the following:**

1. *That Council note that the NSW Government is proposing that Pittwater Council be merged with part of Warringah Council and that this proposal is consistent with Council's third merger preference if forced, subject to the additional suburbs of Forestville and Killarney Heights.*
2. *That it be noted that the formal forced merger proposal period will commence in January 2016 and that Council will participate in the process and that a report will be brought back to Council at its next meeting.*
3. *That Council note the Departmental Guidelines for decision making during the forced merger proposal period.*
4. *That in accordance with the Departmental Guidelines a budget allocation of \$50,000 is approved for a community information campaign to inform the community about the merger proposal using print media, social media and possibly residential mail outs.*

**On Saturday 27 February 2016,** Council adopted the Council's merger proposal submission supporting the NSW Government's proposal for an expanded council for Pittwater and part of Warringah Council. Attached is the body of the report without attachments. **(Attachment 2). At this meeting Council resolved the following:**

1. *That the Merger Proposal – Submission for Pittwater Council Warringah Council (Part) be adopted.*
2. *That a copy of Council's submission be forwarded to the Delegate responsible for the southern merger proposal.*
3. *That advice from Senior Counsel be noted.*

**On Monday 7 March 2016, Council resolved the following:**

1. *That Council note Warringah Council's alternate merger proposal to amalgamate Pittwater Council, Manly Council and Warringah Council to form one council.*
2. *That it be noted that the formal merger proposal period has commenced and that Mr Richard Pearson has been delegated responsibility for examining and reporting on the proposal and that submissions close at 5pm on Friday 8 April 2016.*
3. *That Council note the Departmental Guidelines for decision making during the merger proposal period are in effect.*
4. *That upon receipt of the formal proposal it will be circulated.*
5. *That a budget allocation of \$100,000 be provided for a community engagement program.*

**3.3 POLICY IMPLICATIONS**

Nil

**3.4 RELATED LEGISLATION**

NSW Local Government Act 1993, particularly Section 263(3).

**3.5 FINANCIAL ISSUES**

- 3.5.1 As per Guidelines issued under Section 23A Council will consider preparing a 'sub-plan' to the adopted Delivery Plan and Budget during the merger proposal period.

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**4.0 KEY ISSUES**

**4.1 Section 263(3) of the Local Government Act**

Council has prepared a response to reflect the key criteria in respect to the submission of 263 (3)

(3) When considering any matter referred to it that relates to the boundaries of areas or the areas of operations of county councils, the Boundaries Commission is required to have regard to the following factors:

- (a) the financial advantages or disadvantages (including the economies or diseconomies of scale) of any relevant proposal to the residents and ratepayers of the areas concerned,
- (b) the community of interest and geographic cohesion in the existing areas and in any proposed new area,
- (c) the existing historical and traditional values in the existing areas and the impact of change on them,
- (d) the attitude of the residents and ratepayers of the areas concerned,
- (e) the requirements of the area concerned in relation to elected representation for residents and ratepayers at the local level, the desirable and appropriate relationship between elected representatives and ratepayers and residents and such other matters as it considers relevant in relation to the past and future patterns of elected representation for that area,
- (e1) the impact of any relevant proposal on the ability of the councils of the areas concerned to provide adequate, equitable and appropriate services and facilities,

- (e2) the impact of any relevant proposal on the employment of the staff by the councils of the areas concerned,
- (e3) the impact of any relevant proposal on rural communities in the areas concerned,
- (e4) in the case of a proposal for the amalgamation of two or more areas, the desirability (or otherwise) of dividing the resulting area or areas into wards,
- (e5) in the case of a proposal for the amalgamation of two or more areas, the need to ensure that the opinions of each of the diverse communities of the resulting area or areas are effectively represented,
- (f) such other factors as it considers relevant to the provision of efficient and effective local government in the existing and proposed new areas.

#### **4.2 The Examination and Reporting Process**

The Delegate met with Council representatives. In addition he strongly encouraged Council to make a submission on the proposal and invited representatives of the council to speak at the public inquiry.

- Submissions once made and received become part of the public record.
- Submissions will be published at the conclusion of the proposal examination process after the delegate has provided their report to the Minister, unless the author of a submission requests that it remains confidential.
- Authors must clearly state if they wish all or part of their submission to remain confidential.
- To protect the privacy of submitters, signatures and other personal contact details will be removed before submission are published.

#### **4.3 The examination process is outlined on [www.councilboundaryreview.nsw.gov.au](http://www.councilboundaryreview.nsw.gov.au)**

##### **The Legislative Process**

The process for considering proposals to amalgamate local government areas or alter a local government area boundary is set out in Chapter 9, Part 1, Divisions 2A and 2B, and Chapter 9, Part 3 of the Act. The Minister for Local Government (Minister) has referred proposals to the Chief Executive of the Office of Local Government, who has delegated the examination and reporting function under section 218F of the Act to a number of persons (Delegates). The Delegates will be responsible for examining and reporting on the proposals in accordance with the Act. Once they have completed their examination, they must prepare a report and provide that report to the Minister and to the independent Boundaries Commission.

The Boundaries Commission will review the reports of the Delegate and provide its comments to the Minister. Once the Minister has received reports prepared by the Delegates and the Boundary Commission's comments on those reports, the Minister will make a decision on whether or not to recommend the implementation of each proposal to the Governor of NSW. For more details on the legislative process please refer to the Act.

##### **The Public Inquiry**

Sections 263(2A) and 218F(2) of the Act requires the Delegate to hold a public inquiry (public meeting) into the proposal. Any person may speak at the public inquiry, but may not be represented at the public inquiry by an Australian Lawyer or by a person qualified for admission as an Australian Lawyer, or any person acting for a fee or reward.

Details of the time, date and location of the public inquiry will be made available in due course.



## Submissions

Written submissions will be one of the most important ways for Delegates to gather information. People who make written submissions are encouraged (but are not required) to focus on the factors listed in section 263(3) of the Act.

Written submissions close 5pm Friday 8 April 2016 and can be submitted either online at the [www.councilboundaryreview.nsw.gov.au](http://www.councilboundaryreview.nsw.gov.au) website or by mail.

Council Boundary Review Submissions  
GPO Box 5341  
Sydney NSW 2001

### 4.4 Council Decision Making During Merger Proposal Periods

The Office of Local Government under section 23A of the NSW Local Government Act has released guidelines outlining Council Decision Making during merger proposal periods. The NSW Government has confirmed that until such time as a new council is created all councillors will remain in place conducting council business as usual. The Premier has indicated that there may be a need to defer the 2016 September elections until March 2017.

The Council is required to consider the Guidelines in exercising their functions during the proposal period. The Office of Local Government will be monitoring compliance. It is therefore important to outline the following:

During a merger proposal period, councils and council officials should be mindful of the need to act in the best interests of their community and for the purposes of meeting the needs of that community. Councils should not make decisions that needlessly impose avoidable costs on a new council.

In particular, councils and council officials should not make decisions during a merger proposal period for the following purposes:

- to prevent or disrupt the consideration of merger proposals by the Chief Executive of the Office of Local Government or his delegate, the Boundaries Commission or the Minister for Local Government other than through the legitimate exercise of legal rights of review or appeal
- to exercise their functions or use council resources to oppose or support a merger proposal for personal or political purposes (see below for more information on merger-related information campaigns)
- to seek to damage or impede the operational effectiveness of a new council including by (but not limited to):
  - making significant and/or ongoing financial commitments that will be binding on a new council
  - making other significant undertakings or commitments that will be binding on a new council
  - making decisions that are designed to limit the flexibility or discretion of a new council
  - deliberately and needlessly expending council resources to minimise the resources available to a new council on its commencement.

#### 4.4.1 Merger-Related Information Campaigns

Any public information campaigns conducted by councils with respect to merger proposals:

- should be conducted for the purposes of informing the local community about the merger proposal and should be proportionate to this purpose
- should not involve disproportionate or excessive expenditure or use of council resources
- should be conducted in an objective, accurate and honest manner and should not be deliberately misleading
- should not be used to endorse, support or promote councillors, individually or collectively, political parties, community groups or candidates or prospective candidates at any election, Local, State or Federal.

Merger-related information campaigns should be approved by councils at an open council meeting. Councils should also publicly approve a budget for the campaign at an open council meeting before incurring any expenditure on the campaign

#### 4.5 Community awareness

The community has made its views clear to Council in the past on this proposal for one council for the region.

It will be very important for the Delegate and the NSW Government to hear directly from the community on its views on this proposal during the coming 5 weeks before the 8 April 2016 deadline. A community engagement program is proposed to inform the community of the proposal, consistent with the section 23A guidelines.

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### 5.0 ATTACHMENTS

- **Attachment 1:** Warringah Council Proposal to the Minister for Local Government dated 23 February 2016.
- **Attachment 2:** Pittwater Council's Merger Proposal Submission – Pittwater Council Warringah Council (Part) – body only without attachments.
- **Attachment 3:** Office of Local Government Council Decision Making During Merger Proposal Periods

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### 6.0 SUSTAINABILITY ASSESSMENT

#### 6.1 GOVERNANCE & RISK

##### 6.1.1 Community Engagement

A community engagement program is planned to inform the community and encourage members to provide submissions to the NSW Government. Council staff will ensure up to date information is available for the community via Council's website, social media and print media channels.

### 6.1.2 Risk Management

The issued Departmental Guidelines under Section 23A provide a risk framework for councils during the merger proposal periods.

A risk framework will be finalised in March / April to manage the number of risks and challenges that may be experienced prior, during and post merger (including but not limited to):

- Uninterrupted service delivery
- Adequate and accurate information available to community and staff
- Financial management and budget setting
- Systems integration
- Change management framework for staff

## 6.2 ENVIRONMENT

### 6.2.1 Environmental Impact

No immediate impact however, improvement in Catchment Management, Coastal Management and National Park relationships would be anticipated.

## 6.3 SOCIAL

### 6.3.1 Community Needs and Aspirations

As set out by the NSW Government the community will have the opportunity to have input into the proposed mergers via the Delegate appointed by the Chief Executive of the Office of Local Government.

It will be necessary to work with the Pittwater community to ensure their voice is heard in relation to the proposed merger.

## 6.4 ECONOMIC

### 6.4.1 Economic Development

Careful examination of the economic benefits of the proposed merger are outlined in the submission.

Report prepared by

Mark Ferguson  
**GENERAL MANAGER**



23 February 2016

The Hon. Paul Toole, MP  
Minister for Local Government  
GPO Box 5341  
SYDNEY NSW 2001

Our Ref: 2016/058128

Dear Minister

**Proposal Under Local Government Act 1993**

I am writing to advise of a decision made at the Extraordinary Meeting of Warringah Council held this evening.

Council resolved as follows:

*That Council:*

- A. *Pursuant to section 218E of the Local Government Act 1993, make a proposal to the Minister for Local Government for the amalgamation of the Pittwater, Manly and Warringah local government areas into one new area, and*
- B. *Delegate to the General Manager the authority to do all things necessary to give immediate effect to the above.*

We will forward you the full proposal in the coming days.

Yours faithfully

Malcolm Ryan  
Acting General Manager

WARRINGAH COUNCIL  
Civic Centre 725 Pittwater Road Dee Why NSW 2099  
DX 9118 Dee Why NSW ABN 31 565 068 406  
T 02 9942 2111 F 02 9971 4522  
warringah.nsw.gov.au

**Merger Proposal:**

**Manly Council  
Pittwater Council  
Warringah Council**

Warringah Council, February 2016



# FOREWORD

Four years of extensive consultation, research and analysis have demonstrated that change is needed in local government to strengthen local communities.

Independent experts have concluded that NSW cannot sustain 152 councils – twice as many as Queensland and Victoria.

After considering the clear need for change, the Independent Local Government Review Panel (ILGRP) recommended one council for the northern beaches through merging Manly, Warringah and Pittwater.

The Independent Pricing and Regulatory Tribunal (IPART) found that one northern beaches council was the only structural reform option for the region that would be 'fit for the future'.

One council for the northern beaches was not an option originally considered by the Council Boundary Review. However, it is now being put forward, following strong community opposition to the alternate option of forming two councils from Pittwater to Mosman.

The proposed council for the northern beaches' community will provide significant benefits and be sustainable for the long term.

This document details the benefits including:

- a total financial benefit of \$127 million (including NSW Government funding of \$25 million) over a 20 year period that can be reinvested in better services and more infrastructure;
- a projected 115% per cent improvement in annual operating results;
- potentially reducing the reliance on rate increases through further Special Rate Variations (SRVs) to fund local infrastructure;
- greater capacity to effectively manage and reduce any infrastructure backlogs across the northern beaches;
- improved strategic planning and economic development to better respond to the changing needs of the community;
- effective representation by elected representatives backed up by a mix of public forums, strategic and operational committees and one stop customer service centres at Dee Why, Manly and Mona Vale as well as online;
- protecting the natural environment and promoting its sustainability and resilience, with an equal focus on bushland, beaches and coastal lagoons; and
- providing a more effective voice for the area's interests and better able to deliver on priorities in partnership with the NSW and Australian governments.

With the merger savings, NSW Government funding of \$25 million – and a stronger voice – the new council will be better able to help provide the services and infrastructure that matter to the community, projects such as:

- working with the NSW Government to complete the B-Line bus rapid transit project;
- integrated management of the Narrabeen Lagoon and Manly Lagoon catchment areas;

- preserving and improving access to the coastal environment for the benefit of local residents and to enhance tourism, including improved coastal and estuary management;
- improving bush regeneration, weed control and fencing initiatives across the region, including areas along the Wakehurst Parkway or Mona Vale Road;
- increasing and improving daycare and early childhood centres;
- common parking system to deliver a reciprocal permit and extending the use of the permit to other reserves such as Rowland Reserve, Bayview and Woorak Reserve, Palm Beach;
- a new strategic centre at the Northern Beaches Hospital Precinct, with health-related land uses, focused around the new Northern Beaches Hospital;
- improving walking and cycling connections between Warringah Mall, Brookvale and Dee Why;
- preservation of Pittwater – the largest harbour in Sydney outside of Sydney Harbour;
- improving sporting facilities, surf club facilities and beach parking and increasing playing fields across the region;
- support the Ingleside land release area, for which planning is underway;
- improve the accessibility and consistency of sections of Narrabeen Lagoon trail;
- maintaining and renewing seawalls, ocean and harbour pools, coastal walkways and other key coastal infrastructure;
- supporting the delivery of masterplans and place plans for Mona Vale, Dee Why, Brookvale and Manly centres which includes a number of projects such as improving the transport along the Pittwater Road corridor; and
- opportunities to increase community bus services such as Manly's Hop Skip and Jump.

The savings, combined with the NSW Government's policy to freeze existing rate paths for four years, will ensure that ratepayers get a better deal. A suitably qualified delegate of the Chief Executive of the Office of Local Government will consider this proposal against criteria set out in the Local Government Act (1993), and undertake public consultation to seek community views.



Figure 1: Proposed new local government area





## EXECUTIVE SUMMARY

*The communities of Manly, Pittwater and Warringah share common characteristics and connections, including an affinity with Sydney's northern coastline, and will benefit by up to \$ 127 million from a merged council with a stronger capability to deliver on community priorities and meet the future needs of its residents.*

### Introduction

This is a proposal by Warringah Council made to the Minister for Local Government under section 218E(1) of the Local Government Act (1993) for the merger of the Manly, Pittwater and Warringah local government areas.<sup>1</sup> The proposal was made in response to public demand for a new council for the northern beaches. This merger proposal sets out the impacts, benefits and opportunities of creating a new council.

The creation of this new council will bring together communities with similar expectations in terms of demands for services, infrastructure and facilities.

The proposal has been informed by four years of extensive council and community consultation and is supported by analysis and modelling. The financial analysis of the merger proposal is based on the published Long Term Financial Plans of Manly, Pittwater and Warringah Councils and the modelling assumptions used by KPMG for the NSW Government's merger proposals.<sup>2</sup>

In 2015, the Independent Pricing and Regulatory Tribunal (IPART) assessed that each of these three councils is 'not fit' to remain as standalone entities.

While Manly, Pittwater and Warringah Councils each satisfied key financial performance benchmarks, IPART assessed that operating individually, each council would have limited scale and capacity to effectively deliver on behalf of residents and meet future community needs.

With this proposed three part merger, communities with shared interests and priorities can be brought together under a new single council. The council for the new local government area will not only oversee an economy that shares many similar residential, workforce and industry characteristics, but will have enhanced scale and capacity to help it deliver on local infrastructure priorities such the Northern Beaches Hospital Precinct, proposed Bus Rapid Transit and improved sporting and playing field facilities.

A single council on the northern beaches was recommended by the ILGRP's and supported by IPART. The independent modelling by KPMG, SGS and Ernst & Young also found a single council on the northern beaches provided the most savings and the best net benefit for the community (Table 1).

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<sup>1</sup> The end result if the proposal is implemented is that a new local government area will be created. For simplicity throughout this document, we have referred to a new council rather than a new local government area

<sup>2</sup> Warringah Council's financial modelling based on *Outline of Financial Modelling Assumptions for Local Government Merger Proposals – Technical Paper*, KPMG 19 January 2016

Table 1: Conclusions of business case studies

	SGS Economics (Feb 2015)	Ernst & Young (Oct 2015)	KPMG (April 2015)
<b>Most savings</b>	northern beaches council	northern beaches council	northern beaches council
<b>Best net benefit</b>	northern beaches council	northern beaches council	northern beaches council
<b>Least savings</b>	split Warringah	split Warringah	split Warringah
<b>Highest transition costs</b>	split Warringah	split Warringah	split Warringah

### Impacts, Benefits and Opportunities

A range of benefits and opportunities has been identified from the proposed merger, including a stronger balance sheet to meet local community needs and priorities.

The new council has the potential to generate net savings to council operations. The merger is expected to lead to around \$102 million in net financial savings over 20 years. Council performance will also be improved with a projected 115 per cent increase in annual operating results achieved within 10 years.<sup>3</sup> This means that there will be a payback period of three years after which the merger benefits will exceed the expected merger costs.

The analysis also shows the proposed merger is expected to generate, on average, around \$8 million in savings every year from 2020 onwards. Savings will primarily be from the removal of duplicate back office and administrative functions; streamlining of senior management roles; efficiencies from increased purchasing power of materials and contracts; and reduced expenditure on councillor fees.

The NSW Government has announced a funding package to support merging councils which would result in \$25 million being made available should the proposed merger proceed.

These savings may enable the new council to reduce its reliance on rate increases to fund new and improved community infrastructure.

Each of the three councils is currently seeking or has recently received approval for Special Rate Variations (SRVs) from IPART. For example:

- Manly Council intends to request an SRV of 2.2 per cent over a one year period in 2017-18;
- Pittwater Council had an approved cumulative SRV of 12.1 per cent over a three year period from 2011-12; and
- Warringah Council has an approved cumulative SRV of 7.9 per cent over a four year period from 2014-15.

The proposed merger is also expected to result in simplified council regulations for residents and businesses in the Manly, Pittwater and Warringah Council areas given each Council is currently responsible for separate and potentially inconsistent regulatory environments. For example there are three planning controls covering the northern beaches. Under a single

<sup>3</sup> Operating results refers to the net financial position and is calculated as operating revenue less operating costs. It excludes revenue associated with capital grants and expenditure on capital items.

council the controls can be harmonised while still reflecting the environmental constraints as well as the community expectations and aspirations of each area.

Other benefits include consistency in approaches to health and safety, building maintenance, traffic management, waste management and booking and management of sportsfields.

The proposed merger will provide significant opportunities to strengthen the role and strategic capacity of the new council to partner with the NSW and Australian governments on major infrastructure projects, addressing regional socioeconomic challenges, delivery of services and focus on regional priorities.

This could assist in:

- reducing the existing \$21.7 million infrastructure backlog across the Manly, Pittwater and Warringah area<sup>4</sup>;
- improving liveability and boosting housing supply to meet population growth in appropriate areas whilst protecting local character;
- improving the transport corridor from Mona Vale to the CBD including extending the B-Line bus rapid transit initiative from Mona Vale to Palm Beach;
- supporting economic growth and urban development whilst enhancing the standard of living and lifestyle that local residents value; and
- protecting the natural environment, including unique environmental areas such as the Curl Curl, Dee Why, Manly and Narrabeen Lagoons and endangered bushland ecosystems.

While a merged council will increase the current ratio of residents to elected councillors, the new ratio is likely to be comparable with levels currently experienced by other communities across Sydney. Effective representation would also be enhanced by improving existing engagement opportunities via public forums, strategic and operational committees, community engagement activities as well as a consistent approach to customer service online and at the, Dee Why, Manly and Mona Vale service centres.

### **Next Steps**

Local communities have an important role to play in helping ensure the new council meets their current and future needs for services and infrastructure and will have an opportunity to provide input on how the new council should be structured.

Local communities will have an opportunity to attend the public inquiry that will be held for this merger proposal and an opportunity to provide written submissions. For details please visit [www.councilboundaryreview.nsw.gov.au](http://www.councilboundaryreview.nsw.gov.au).

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<sup>4</sup> Based on the 2015 Annual Financial Statements of Manly, Pittwater and Warringah Councils.



# INTRODUCTION

*This merger proposal has been informed by an extensive four-year consultation and review process.*

The NSW Government has been working with local councils and communities since 2011 to strengthen council performance and ensure local government is well placed to meet future community needs.

A first key step in that process was the ILGRP's comprehensive review of local government and subsequent recommendations for wide-ranging structural reform and improvements to the system. In response, the NSW Government initiated the Fit for the Future reforms that required each local council to self-assess against key performance indicators and submit proposals demonstrating how they would meet future community needs.

The NSW Government appointed IPART in 2015 to assess each council's submission. IPART has now completed its assessment of 139 proposals (received from 144 councils) and concluded 60 per cent of councils are 'not fit' for the future. Many of these councils did not meet the elements of the 'scale and capacity' criterion (refer Box 1 below).

Manly, Pittwater and Warringah Councils each submitted Fit for the Future proposals to remain as standalone councils. IPART determined that the three Councils are not 'fit' to stand alone and that a merger is needed to achieve the required scale and capacity to meet the needs of residents now and in the future.

Warringah Council has considered the merger options for this area of Sydney, and listened to the community. It agrees with the NSW Government's own ILGRP that one council is the best option for the northern beaches. The proposal for one northern beaches council is the only option for the area that meets the Fit for the Future criteria.

*Box 1 Overview of scale and capacity*

## **Key elements of 'scale and capacity'**

Scale and capacity is a minimum requirement as it is the best indicator of a council's ability to govern effectively and provide a strong voice for its community. At a practical level, this includes being able to:

- undertake regional planning and strategic delivery of projects;
- address challenges and opportunities, particularly infrastructure backlogs and improving financial sustainability;
- be an effective partner for NSW and Australian governments on delivering infrastructure projects and other cross-government initiatives; and
- function as a modern organisation with:
  - staffing capacity and expertise at a level that is currently not practical or economically possible for small councils;
  - innovative and creative approaches to service delivery; and
  - the resources to deliver better training and attract professionals into leadership and specialist roles.

## A NEW COUNCIL FOR THE MANLY, PITTWATER AND WARRINGAH AREA

*The proposed new council will be responsible for infrastructure and service delivery to 263,000 residents across the Manly, Pittwater and Warringah area of Sydney.*

The creation of a new council provides the opportunity to bring together communities from across the local government areas of Manly, Pittwater and Warringah. These communities have similar lifestyles, use similar services and have a common identity as residents of Sydney's northern beaches. They also have similar population growth outlooks.

This proposed merger will bring together communities with similar priorities and create a council with the appropriate scale and capacity to effectively deliver on behalf of residents and meet future community needs.

The new council will be responsible for infrastructure and service delivery to more than 310,000 residents by 2031. This reflects the expected population growth across the area of 1.05 per cent per annum.<sup>5</sup>

The proposed merger aligns with the approach of the NSW Government's Sydney Metropolitan Plan (known as *A Plan for Growing Sydney*). The Plan also identifies the importance of adopting a coordinated approach to managing the expected population growth across the Manly, Pittwater and Warringah areas and the need to plan for, and respond to, the changing service and infrastructure needs of these communities. The NSW Government has identified a number of regional priorities that are directly relevant to the proposed new council. For example:

- delivering a new Northern Beaches Hospital and supporting the development of a new strategic centre around the Northern Beaches Hospital Precinct;
- delivering the B-Line bus rapid transit project to improve transport connections from the northern beaches to the Sydney CBD;
- working with councils to retain a commercial core in Brookvale-Dee Why for long-term employment growth, to develop additional mixed-use development and to improving walking and cycling connections between Warringah Mall, Brookvale and Dee Why;
- working with councils to identify suitable locations for housing and employment growth, which are coordinated with infrastructure delivery and transport services; and
- protecting the natural environment and promoting its sustainability and resilience, with a focus on improving the health and resilience of the marine estate including the foreshore, tributaries and aquatic habitats of Pittwater, Middle Harbour, the coast and beaches.

A new council with appropriate scale and capacity will be better able to partner with the NSW Government on the implementation of these regional priorities.





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<sup>5</sup> NSW Department of Planning & Environment (2014), NSW Projections (Population, Household and Dwellings).

The establishment of a new council will also provide an opportunity to generate savings and efficiencies and reduce the current duplication of back-office functions, senior executive positions and potentially the many layers of current regulations. Any savings generated by a merger of these three councils could be redirected to improving local community infrastructure, lowering residential rates and/or enhancing service delivery. An overview of the current performance of the three existing councils and the projected performance of the new proposed entity is provided in Figure 3.

In addition, while IPART found each of the three councils satisfy financial performance criteria, it also found that each council's ability to effectively advocate for community priorities is affected by a lack of scale and capacity. A northern beaches merged council is the only option compliant with the NSW Government's threshold criteria as applied by IPART. A merged council would have an enhanced scale and capacity to better plan and coordinate investment in critical infrastructure and services. This should also put the new council in a better position to advocate to the NSW and Australian governments for the investments that will be needed for the future.

Figure 3: Council profiles

	Manly Council	Pittwater Council	Warringah Council	New Council
				
Population (2014)	44,786	63,338	155,289	263,413
Area	14 sq km	90 sq km	150 sq km	254 sq km
IPART Rating	NOT FIT	NOT FIT	NOT FIT	FIT <sup>6</sup>
Operating Revenue (2013-14)	\$64.3m	\$77.1m	\$156.4m	\$373.1m (projected 2019-20)
Operating Result (2013-14)	\$4.6m	\$4.7m	\$11.3m	\$13.6m projected improvement to 2019-20 operating results
Asset Base	\$363.6m	\$374.0m	\$812.9m	\$1.54bn
Infrastructure Backlog <sup>7</sup>	0 per cent	3 per cent	1 per cent	1 per cent

Sources: Australian Bureau of Statistics, Department of Planning and Environment, Office of Local Government, Council Long Term Financial Plans, Fit for the Future submissions to IPART and IPART Assessment of Council Fit for the Future Proposals.

Note: Totals may not sum due to rounding. Estimates of the new council's operating performance and financial position is based on an aggregation of each existing council's projected position as stated in respective Long Term Financial Plans (2013-14). In addition, it is assumed efficiency savings are generated from a merger, and this is reflected in the projected 2019-20 operating result for the new council.

<sup>6</sup> IPART did not assess this merger proposal, however, it is consistent with the findings of the ILGRP and IPART's Fit for the Future assessment (2015).

<sup>7</sup> Based on 2015 Annual Financial Statements of Manly, Pittwater and Warringah Councils.



## BENEFITS, OPPORTUNITIES AND IMPACTS

*The proposed merger has the potential to generate \$127 million benefit to communities over 20 years which could support investment in critical local infrastructure and services and/or be utilised to address rate pressures.*

### Financial Benefits of the Proposed Merger

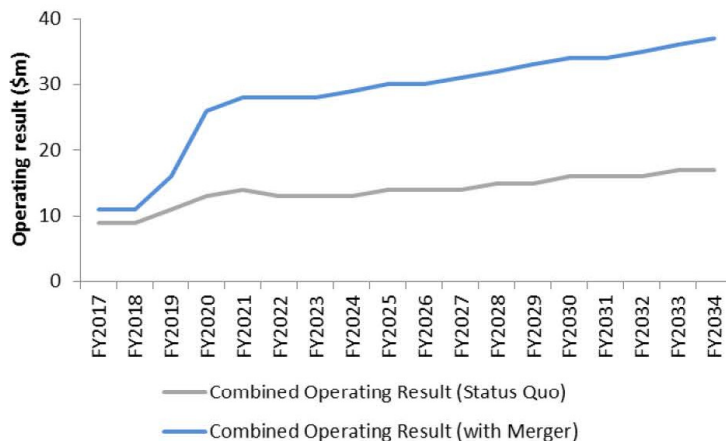
The financial analysis of the merger proposal is based on the published Long Term Financial Plans of Manly, Pittwater and Warringah Councils and the modelling assumptions used by KPMG for the NSW Government's merger proposals.<sup>8</sup>

The analysis shows the proposed merger has the potential to generate a net financial savings of approximately \$102 million to the new council over 20 years. Organisational performance would also be improved with a projected 115 per cent increase in annual operating results achieved within 10 years. The proposed merger is also expected to generate, on average, around \$8 million in savings every year from 2020 onwards.<sup>9</sup>

Consequently, the merged council will have a balance sheet that is stronger and in a better position to meet local community needs and priorities.

Figure 4 illustrates how the proposed merger will lead to growing improvements in the operating performance of the new council compared to the current projected operating performance of each of the three councils.

Figure 4: Projected operating results of the Manly, Pittwater and Warringah Councils, with and without a merger



Note: Operating results refers to the net financial position and is calculated as operating revenue less operating costs. It excludes revenue associated with capital grants and expenditure on capital items. The operating results are project for 2025-2034.

Source: Council Long Term Financial Projections (2013-14).

<sup>8</sup> Outline of Financial Modelling Assumptions for Local Government Merger Proposals – Technical Paper, KPMG 19 January 2016. The assumptions applied relate to mergers of whole councils.

<sup>9</sup> Ibid.

Gross savings over 20 years are modelled to be due to:

- removal of duplicate back office and administrative functions and streamlining senior management roles (\$85 million);
- efficiencies generated through increased purchasing power of materials and contracts (\$23 million); and
- a reduction in the overall number of elected officials that will in turn reduce expenditure on councillor fees (estimated at \$3 million).<sup>10</sup>

In addition, the NSW Government has announced a funding package to support merging councils which would result in \$25 million being made available should the proposed merger proceed.

The implementation costs associated with the proposed merger (for example, information and communication technology, office relocation, workforce training, signage, and legal costs) are expected to be surpassed by the accumulated net savings generated by the merger within a three-year payback period. The Local Government Act contains protections for three years for all council employees below senior staff level.

Merger benefits of \$102 million over 20 years could be reinvested to:

- improve infrastructure
- enhance service delivery by moving back office positions to the front line, providing extra positions such as lifeguards, child care or youth support workers
- reduce rate pressures, reducing the existing dependency on SRVs to fund community infrastructure and/or avoid future rate increases

This merger will provide the new council with the opportunity to strengthen its balance sheet and provide a more consistent level of financial performance. Overall, the proposed merger is expected to enhance the financial sustainability of the new council through:

- net financial savings of around \$102 million over 20 years;
- a forecast 115 per cent increase in the operating result of the merged entity within 10 years;
- achieving efficiencies across council operations through, for example, the removal of duplicated back office roles and functions and streamlining senior management;
- establishing a larger entity with a broad operating revenue that is expected to exceed \$425 million per year by 2025;
- an asset base of approximately \$1.5 billion to be managed by the merged council; and
- greater capacity to effectively manage and reduce the infrastructure backlog across the area by maintaining and upgrading community assets.

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<sup>10</sup> Financial modelling by Warringah Council is based on Long Term Financial Plans of each Council and the *Outline of Financial Modelling Assumptions for Local Government Merger Proposals – Technical Paper*, KPMG 19 January 2016. The assumptions applied relate to mergers of whole councils



### **Opportunities for Improved Services and Infrastructure**

The efficiencies and savings generated by the merger will allow the new council to invest in improved service levels and/or a greater range of services and address the current \$21.7 million infrastructure backlog across the three councils. Examples of local priorities that could be funded by merger-generated savings include projects and plans such as:

- maintaining biodiversity and sustained ecosystems in the area with the goal of sustainability through strategies such as integrated water cycle management, connecting green spaces and biodiversity;
- managing coastal erosion hotspots;
- managing weeds and pests in the foreshore of Narrabeen Lakes and Wakehurst Parkway;
- the further expansion of Warriewood Valley Park, for which planning is currently underway;
- improved sporting and surf club facilities, beach parking, waterfront access and increasing the availability of sporting grounds;
- improved walking and cycling connections between Warringah Mall, Brookvale and Dee Why;
- transport improvements throughout the area including the opportunity to increase community bus services like Manly's Hop Skip and Jump service;
- support the Ingleside land release area, for which planning is underway;
- investment to maintain and renew seawalls, ocean and harbour public pools, coastal walkways and other key coastal infrastructure throughout the area; and
- support for the delivery of masterplans and place plans in Mona Vale, Dee Why, Brookvale and Manly which includes projects to update street frontage, create more pedestrian-friendly areas, upgrade or replace libraries, and improve the transport along the Pittwater Road corridor.

### **Regulatory Benefits**

There are currently 152 separate regulatory and compliance regimes applied across local council boundaries in NSW. These are making it hard for people to do business, build homes and access the services they need. NSW businesses rated local councils as second to only the Australian Tax Office as the most frequently used regulatory body, and highest for complexity in dealings.<sup>11</sup>

It can be expected that the proposed merger will result in simplified council regulations for residents and businesses. Manly Council, Pittwater Council and Warringah Council are each responsible for separate and potentially inconsistent regulatory environments. A merged council provides an opportunity to streamline and harmonise regulations.

Adopting best practice regulatory activities will generate efficiencies and benefit local residents and businesses. For example:

- a tradesperson who operates a small business across the Manly, Pittwater and Warringah area will have just a single local council regulatory framework to understand and comply with;

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<sup>11</sup> NSW Business Chamber (2012), Red Tape Survey.

- the compliance burden for a café owner with multiple outlets across neighbouring suburbs (currently in different council areas) will be reduced and simplified;
- sporting organisations and surf lifesaving clubs will more effectively work with council to maintain, upgrade, renew and increase sporting facilities, playing fields and equipment;
- residents can have greater confidence that development applications will be subject to a more uniform process than the existing variations in regulations, which can add to the cost and complexity of home renovations and building approvals;
- greater transparency and accountability in council finances and delivery of projects with monthly reporting on all activities including operational and capital budgets; and
- regular beach users would access a single beach parking system from Manly to Palm Beach and the opportunity to use it in other reserves such as Rowland Reserve, Bayview and Woorak Reserve, Palm Beach.

### Impact on Rates

Each of the three councils is currently seeking, or has recently received approval for, rate increases (SRVs) to meet local community and infrastructure needs:

- Manly Council intends to request an SRV of 2.2 per cent over a one year period in 2017-18;
- Pittwater Council received approval for a cumulative SRV of 12.1 per cent over a three-year period from 2011-12; and
- Warringah Council has an approved cumulative SRV of 7.9 per cent over a four year period from 2014-15.

The savings generated by a merger may enable the new council to reduce reliance on rate increases to fund community infrastructure and services.

In addition, the proposed merger will bring together a range of residential and business premises across the area, providing the new council with a large rate base on which to set ratings policies and improve the sustainability of council revenue. Table 2 outlines the mix of business and residential rating assessments that underpin current rate revenue across the existing three councils.

*Table 2: Comparison of rateable businesses and residential properties (total and percentage share)*

<b>Council</b>	<b>Business rating assessments</b>		<b>Residential rating assessments</b>	
<b>Manly Council</b>	1,164	6%	17,493	94%
<b>Pittwater Council</b>	1,892	8%	23,050	92%
<b>Warringah Council</b>	3,979	7%	52,847	93%

*Source: NSW Office of Local Government, Council Annual Data Returns (2013-14).*

## Local Representation

The ratio of residents to elected councillors in each of the three existing councils is markedly different. This reflects the wide variation in resident populations. The Warringah Council ratio has a higher resident population. While the proposed merger will increase the ratio of residents to elected councillors, the ratio is similar to those currently experienced in other Sydney councils (Blacktown City Council) and is also consistent with ratios suggested in other merger proposals (Table 3).

This proposal has assumed that the new council will have 13 councillors including a popularly elected mayor. Councillors will be elected from four wards with an equal number of councillors per ward (four per ward). They would be better resourced with an opportunity for the mayor to be fulltime.

A reduction in the ratio of residents to elected councillors reflects the role of councillors under the *Local Government Act*. They are required to have a more strategic focus on planning, resource allocation, policy development and performance monitoring. It also reflects improved community engagement protocols, communication strategies and more effective customer service systems by councils to ensure equitable and consistent service delivery to residents. The uptake of new technology by councils also means they the community has greater access to councillors at times convenient to them.

*Northern Beaches: It's a natural environment, an established community which is hard-wired into the framework of the government and community and embraced as an established geography. It is not a mega council, it's actually small in the reform agenda.*

Table 3: Changes to local representation in Manly, Pittwater and Warringah

Council	Number of councillors	Number of residents (2014)	Residents per councillor
Manly Council	9	44,786	4,976
Pittwater Council	9	63,338	7,038
Warringah Council	10	155,289	15,529
Fairfield Council	13	203,109	15,624
Sutherland Council	15	225,070	15,005
Manly+Pittwater+Warringah Councils**	13*	263,413	20,262
Randwick+Waverley+Woollahra Councils**	15	274,167	18,287
Hornsby+Ku-ring-gai Councils**	15	289,592	18,004
Blacktown City Council	15	325,139	21,676
Bankstown+Canterbury Councils**	15	350,983	23,399

\* Manly, Pittwater and Warringah communities should have an opportunity to shape how a new merged council will be structured, including the appropriate number of elected councillors. Fifteen elected councillors is the maximum number currently permitted under the NSW Local Government Act (1993).

*\*\* NSW Government merger proposals*

*Source: Australian Bureau of Statistics, Estimated Resident Population 2013; and NSW Office of Local Government, Council Annual Data Returns (2013-14).*

The new council will be in a position to use its larger scale and capacity to advocate more effectively for the needs of the northern beaches community. It will represent a more significant share of Sydney's population, and have a substantial economic base.

It will also be able to develop improved strategic capacity to partner with the NSW and Australian governments, including on major infrastructure initiatives, community services, urban and environmental planning and tourism.

The many ways communities currently engage with these councils will continue, including through public forums, committees, surveys and strategic planning. Councillors will continue to represent local community interests and will have the opportunity to take a more regional approach to economic development, strategic planning and environmental management.



## THE LOCAL COMMUNITY

*The communities across the Manly, Pittwater and Warringah area share common characteristics and connections. The proposed new council will have enhanced scale and capacity and be better placed to shape and deliver the economic development, community services, and infrastructure that underpin their lifestyles.*

### Geography and Environment

The proposed boundaries for the new council draw on natural features of the peninsula. The proposed merger would see environmentally important areas such as McCarrs Creek and the foreshores of Narrabeen Lagoon falling within one local government area.

The proposed council area includes expanses of national parks, beaches and reserves with the area surrounded by water on three sides including Middle Harbour, the Tasman Sea and Broken Bay.

The management of issues where catchment areas, parklands and other important environmental assets – such as the Manly Dam/Manly Lagoon and Narrabeen Lagoon – span across council boundaries will be improved through the establishment of a single council. This will remove unnecessary impediments to environmental management and allow effective coordination of regional resources.

While the natural environment is an important asset for the area's residents and visitors, it also poses particular challenges of maintenance and management, due to issues such as coastal erosion, flooding and bushfires. Specialist staff members would allow for more effective mitigation of environmental risks.

### Local Economy

The local economy is characterised by:

- above average household incomes compared to the Sydney metropolitan average of \$89,210, with average incomes in Manly \$117,784, Pittwater \$104,887, and Warringah \$101,173;
- low rates of unemployment which are below the Sydney metropolitan average of 5.7 per cent, with rates in Manly 3.5 per cent, Pittwater 3.6 per cent, and Warringah 3.5 per cent;
- a highly educated population with the proportion of residents with post-school qualifications higher than the Sydney metropolitan average of 59 per cent, with levels in Manly 73 per cent, Pittwater 66 per cent, and Warringah 65 per cent; and
- a similar industry composition across all three Council areas with 'Retail', 'Health Care and Social Assistance', 'Professional, Technical and Scientific Services' and 'Construction' the four largest industry sectors.

As identified in the 2014 Metropolitan Plan "A Plan for Growth Sydney", the northern beaches has two Strategic Centres (Northern Beaches Hospital Precinct and Brookvale-Dee Why) which are located within Warringah. Together they form a 'golden triangle' of economic

activity which provides nearly 24,000 jobs, and will be the key supplier of jobs and services to the northern beaches growing population and workforce.

The two Strategic Centres provide specialised but also complementary roles:

- The Northern Beaches Hospital Precinct provides a distinct business park setting, with an emerging health cluster around the planned hospital. It is currently a significant employment hub for the northern beaches with nearly 7,500 workers and is expected to see strong job growth with 1,300 staff directly employed through the hospital and related industries.
- Dee Why town centre (northern end) provides a more traditional 'major centre' function including public administration and smaller scale office and retail. It currently provides around 4,000 jobs and new commercial development is bringing more retail and office space into the centre, to support new residential development.
- Brookvale (southern end) supports around 12,500 jobs and is the largest industrial zoned precinct (86 ha) in Sydney's North District. It also contains the premium retail centre (Warringah Mall) on the northern beaches and will house a new community health centre.

A common thread is the growing importance of health related industries in all three precincts which forecast to significantly grow with the planned major hospital and Brookvale health centre and related medical facilities, to support the growing and aging population of the Northern Beaches. Professional services (media, ICT, finance) are another key industry to create local employment opportunities to a highly qualified and professional local workforce.

The two Strategic Centres provide major sources of local employment, however they also have high car dependency, with over 75% of workers to Northern Beaches Hospital precinct, Brookvale and Dee Why travelling by car<sup>12</sup>. Planning for transport linkages between the three precincts, and especially to Sydney CBD through Bus Rapid Transit, will be essential to supporting their economic growth and commuter demands.

A single council for the northern beaches, would enable better planning for their complementary roles and ensure a range of commercial and industrial spaces and related infrastructure to support their growth. In the past strategic centres and road corridors which have been split between council jurisdictions (e.g. St Leonards and Parramatta Road) have required significant intervention from State Government to plan for their growth.

The new council for the northern beaches will be well-placed to support growth of these Strategic Centres, as well as the wider specialization of professional, scientific and technical services and health related industries across the northern beaches. This includes identifying and making greater investments in these growth industries.

The business profile across the northern beaches, and the corresponding workforce, will require relatively similar services and infrastructure. A merged council will be better placed to deliver these services and infrastructure in a coordinated manner.

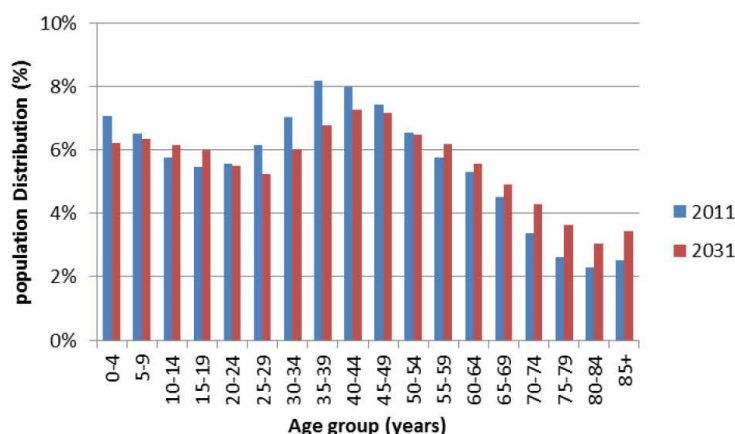
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<sup>12</sup> Transport for NSW, Bureau of Transport Statistics, 2011 Journey to Work data.

## Population and Housing

The new council will be responsible for infrastructure and service delivery to more than 310,000 residents by 2031, with an increasing aging population. (Figure 6).

Figure 6 Change in population distribution, by age cohort (2011 v 2031)



Source: NSW Department of Planning & Environment (2014), NSW Projections (Population, Household and Dwellings).

A strong council with the appropriate scale and capacity is needed to respond and adapt to the changing service needs of the community. An ageing population is likely to increase demand for community health services, creation and maintenance of accessible parks and leisure areas, and community outreach services. In addition, a single council would build capacity to managed common challenges related to greenfield development.

In comparison with the rest of Sydney, the Manly, Pittwater and Warringah communities are relatively advantaged from a socio-economic standpoint. The Socio-Economic Index for Areas (SEIFA) illustrated in Table 5, measures a range of factors to rate an individual council's relative socio-economic advantage. Each of the councils in the Manly, Pittwater and Warringah area has similar socio-economic profiles with SEIFA scores that are above the State and metropolitan averages. This reflects the common characteristics across the community in relation to, for example, household income, education, employment and occupation.

Table 5: Comparison of councils' socio-economic profile

Area	SEIFA scores
Manly Council	1099.4
Pittwater Council	1094.4
Warringah Council	1077.3
NSW Average	1011.3
New South Wales	995.8

Source: Australian Bureau of Statistics, SEIFA 2011 by Local Government Area.



The current mix of housing types in Manly and Warringah area is fairly evenly spread across separate housing and medium and high density housing. This transitions to a higher proportion of low-density housing further north. A merged council provides an opportunity to apply a more regional and strategic focus to planning for the additional households and associated amenities that are expected to be required over the next fifteen years. This approach can also help to ensure any pressures and challenges associated with population growth and housing development are not unreasonably concentrated in particular neighbourhoods, while maintaining the unique characteristics of the area.

### **Shared Community Values and Interests**

These communities are bound by their sense of place on Sydney's northern beaches. Box 2 provides examples of community organisations, services and facilities that have a presence across the area, which indicate the existence of strong existing connections between the communities in the existing council areas.

*Box 2: Examples of common community services and facilities.*

#### **Shared regional services and facilities**

Examples of community services which operate across the area include:

- Northern Beaches Community Connect – a community and volunteer-based organisation providing a wide range of social, immigrant, family and legal services across the Northern Beaches area;
- Community Care Northern Beaches – provides a wide range of community care services for older people, people with a disability, people with a mental illness, people with dementia, and the carers of these people;
- Northern Beaches Hospital – will provide further integration of health services in the area following its opening in 2017;
- the Manly-Warringah Sea Eagles are a Rugby League team with support across the region, and who are based at the Brookvale Oval in Warringah;
- Northern Beaches Lifeline, which is a counselling and crisis support service provided through Northern Beaches Lifeline and serviced by volunteers from across the area;
- Surf Life Saving Australia (Northern Beaches Branch), which is a volunteer-based organisation that seeks to provide a safe beach environment across the area;
- Radio Northern Beaches, a community-based radio station serving the area, which airs programs predominantly made and presented by local residents; and
- Northern Beaches Community College, which is a not for profit business which provides a wide range of adult educational programs at affordable rates to communities across the area;
- NSW Police Force – Northern Beaches Local Area Command that covers Manly, Pittwater and Warringah local government area; and
- Manly Daily, the local newspaper for the northern beaches .

The Manly, Pittwater and Warringah Councils have already been collaborating in a number of ways, for example through:

- membership of Shore Regional Organisation of Councils (SHOROC) on issues such as waste management and ground water research;
- SHOROC also facilitated negotiations with the NSW government to achieve a commitment to improving northern beaches transport infrastructure. This included advocating for investment in improved transport linkages for the Northern Beaches Hospital precinct and scoping studies for Bus Rapid Transit corridors in the area. This



highlights the value of effective regional collaboration and a strong, regional voice for the communities of the northern beaches;

- Warringah and Pittwater Councils have a shared State Emergency Services district and also a shared Rural Fire Service district;
- Manly and Warringah councils are both members of the Narrabeen Lagoon Floodplain Risk Management Working Group and Narrabeen Lagoon State Park Advisory Committee that manages Narrabeen Lagoon and flood mitigation initiatives; and
- Manly and Warringah councils are both members of the Manly Lagoon Catchment Committee that manages Manly Dam and flood mitigation initiatives.

The connections between the councils and communities are evident in these existing partnerships and collaborations. A new council will be better placed to deliver these services and projects into the future, without relying on voluntary collaboration.

## CONCLUSION

This proposal to create a united council for the northern beaches would provide the greatest benefit to the community of any reform option.

- Building on the shared communities of interests and strong local identity across the northern beaches.
- Enhancing local representation through improved community engagement protocols, communication strategies and more effective customer service systems to ensure equitable and consistent service delivery to residents.
- A \$127 million net financial benefit over a 20 year period that may be used to deliver better community services, enhanced infrastructure and/or lower rates.
- A projected 115 per cent improvement in annual operating results that will strengthen the council's balance sheet and free up revenue for critical infrastructure.
- Greater capacity to effectively manage and reduce the \$21.7 million infrastructure backlog across the three councils by maintaining and upgrading community assets.
- NSW Government funding of \$25 million to meet merger costs and help provide better services and new infrastructure.
- Greater efficiencies through the removal of back office and administrative functions, increased purchasing power of materials and contracts, and reduced expenditure on councillor fees all of which are expected, on average, to generate savings of around \$8 million every year from 2020 onward.
- Reducing the reliance on rate increases through further SRVs to fund local community infrastructure projects and services.
- Full integration of strategic planning and economic development to more efficiently respond to the changing needs of the community.
- Providing effective representation through a new organisation with the required scale and capacity to meet the future community needs.
- Being a more effective advocate for the interests of the northern beaches and better able to deliver on priorities in partnership with the NSW and Australian governments.



27 February 2016

## MERGER PROPOSAL - SUBMISSION

### PITTWATER COUNCIL WARRINGAH COUNCIL (PART)



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Submitted for Pittwater Council

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## 1. EXECUTIVE SUMMARY

This proposal has been presented after four years evaluation and consultation by the Local Government sector, State Government and the community. The Pittwater community vehemently opposes the establishment of one council for the northern beaches and it is evident that many people did not want change, preferring to retain the structure of Local Government that has serviced the community effectively.

Over four years of consultation, it is clear Pittwater and Manly residents are vehemently opposed to "One Northern Beaches Council".

- 89% of the over 4000 Pittwater residents surveyed want the status quo. If forced:
  - 85% are strongly opposed to one northern beaches council
  - 88% support the 'Greater Pittwater' model of two councils for the region
- Based on surveys of over 2400 Manly residents, if mergers are forced, there is overwhelming preference for there to be two councils in the region, as opposed to one large Northern Beaches Council

The majority of residents are currently silent as they accept the two-council proposal.

Inevitably the need for reform is necessary to more effectively manage our unique natural assets, plan and accommodate for metropolitan population growth, maintain an ageing asset infrastructure and provide a more liveable, vibrant city of Villages.

Ultimately local government is about building communities. Finances are a means to this end but not the number one driver of decision making in local government.

This proposed merger balances the divergent views of the community and creates a strong council by achieving economy of scale whilst maintaining agility, connection to community and local representation.

The current SHOROC model of four Councils of uneven size and capacity has created ongoing issues for the functioning of the region. This proposal, linked with the Southern Council proposal of two equally balanced Councils, overcomes this issue and will provide strong stable governance for the local government sector into the future.

The proposal creates a Council of 214 square kilometres in area incorporating, Narrabeen catchment, 2 National Parks, 2 State Parks, \$1Billion in assets and annual operating revenues in excess of \$217 Million per year by 2025 with approximately 650 staff. This proposed expanded Council will have the scale and strategic capacity to effectively plan and partner with State and Federal Government in the delivery of key infrastructure without the loss of community identity which would result from the single northern beaches council model.

There will be an ideal opportunity to review process and explore innovation and transformational opportunities through a new culture and sharing of ideas. The staff at Pittwater recognise the opportunities that may present, as well as the challenges and in collaboration with their Warringah colleagues build a strong, sustainable and innovative Council to service the new Council area with leadership and outstanding service delivery.

Taking into account financial saving and government funding, major services and projects will be delivered to the community. For example implementation of the B-Line bus rapid transit, a new strategic centre at Frenchs Forest, future growth of Ingleside, a common parking system to deliver a reciprocal permit, and the ongoing preservation of Pittwater and nearly 50% of Sydney's coastline.

More importantly the proposal provides the opportunity to create a more collaborative operating culture within the SHOROC region. The Northern Council would be able to provide stronger governance at Kimbriki, a single Council for the Rural Fire Service volunteers and stronger relationships with the NSW Surf lifesaving clubs.

The area would retain its low density peri-urban ambience of around 700 people per square kilometre. Demographic experts advise the expanded council has a community of interest characterised by low density housing, similar demographic and socio-economic indicators making it well suited to the current merger proposal. It also has strong connections across sporting, recreational and cultural interests.

The proposal would improve the management and coordination of sporting fields with the various sporting associations, through Council hosting most of the sporting facilities within the SHOROC Region.

Professor Brian Dollery endorsed the SHOROC two council model as 'the most sensible and economically responsible outcome for the region possible', despite stressing that he was 'always opposed to compulsory mergers'.

He said that compared to the Independent Panel's recommendation of a forced merger of Manly, Pittwater and Warringah, 'the IPART's new proposal is the best outcome for residents in the region'.

'It allows for the strengthening of villages and communities and retention of local character, community of interest and identity with both of the areas retaining a similar density', he said.

'It also ensures the custodianship over a unique waterway and lower density development in keeping with the natural environment and heritage in the northern council, whilst the southern council would be more harbour and city focussed with a higher level of density'.

Professor Dollery noted that the SHOROC two council model 'supports conceptual and empirical research that shows that the larger proposed entity was not a better option'.

Empirical research undertaken by both Professor Brian Dollery and KPMG had shown that a two council model can provide financial, environmental, social and governance benefits for the communities they serve.

Whilst a number of submissions will present an argument for the one northern beaches Council, this model has been overwhelmingly rejected by the Pittwater Community and government, despite the concept being heavily promoted. Consideration of a single Council for the northern beaches is beyond the scope of this proposal required to be examined by the Chief Executive Officer's delegate and ought not be considered as part of the process required to be undertaken under s218F of the Local Government Act which requires the delegate to examine and report on the proposal put forward by the Minister.

Similarly, the proposition of a major boundary change of the three suburbs of Killamey Heights, Forestville and Frenchs Forest is materially different to the proposal which the Minister has required the Chief Executive Officer through his delegate to examine.

The task is not to consider any amalgamation proposal but the one referred by the Minister. Removing these 3 suburbs from the proposal would be significantly different to the Minister's proposal. It would reduce the population of the proposed Council by 25,000 to 115,000 population. This would irreparably damage the two Council balance, scale and strategic capacity of the northern Council, rendering it outside the current key reform criteria as the smallest Council in Sydney.

It is submitted that no weight should be given to these submissions as they represent an alternative proposal to the one put forward by the Minister for consideration and are contrary to the key descriptors of the proposal under consideration.

The following Submission examines each of the Legislative Criteria under Section 263 of the Act and analyses the Criteria against the Government's Proposal, Council views, and transformational opportunities.

The proposal on the table provides an opportunity for Council to work with our community to create an innovative, community focused and sustainable Council that builds on all the great things that Pittwater and Warringah have achieved.



## 2. INTRODUCTION

Pittwater is a strong award winning Council formed in 1992 after two decades of community campaigning for a separate Council.

Since formation Council has grown to be a leader in local government, winning multiple accolades including for environmental management, planning, sustainability, and communications. Council has been recognised twice in its short history with what is widely regarded the most prestigious award for local government in NSW, winning the A.R. Bluet Memorial Award in 2002 and receiving a commendation in 2015.

Over four years of consultation, it is clear Pittwater and Manly residents are vehemently opposed to "One Northern Beaches Council".

- 89% of the over 4000 Pittwater residents surveyed want the status quo. If forced:
  - 85% are strongly opposed to one northern beaches council
  - 86% support the 'Greater Pittwater' model of two councils for the region
- Based on surveys of over 2400 Manly residents, if mergers are forced, there is overwhelming preference for there to be two councils in the region, as opposed to one large Northern Beaches Council

The majority of residents are currently silent as they accept the two-council proposal.

Our vision is to be a vibrant sustainable community of connected villages inspired by bush, beach and water and this vision is embodied in all Council delivers. This is evident in the strong support from the community, with 91% satisfied in Council's performance in our recent community survey.

Pittwater Council and community have strongly opposed the creation of one council for the northern beaches and would prefer a strong, independent Pittwater Council providing local representation and delivery of local services to the people of Pittwater on the existing boundaries.

However we recognise that inevitably the need for reform is necessary to more effectively manage our unique natural assets, plan and accommodate for metropolitan population growth, maintain an ageing asset infrastructure and provide a more liveable, vibrant city of villages.

This proposed merger balances the divergent views of the community and creates a strong council by achieving economy of scale whilst maintaining agility, connection to community and local representation.

Recognising the need for change, increased strategic capacity and a stronger local government sector, Council has resolved to support the NSW Government's merger proposal which will result in two equally balanced Councils collaborating for the region.

The strength of Pittwater together with Warringah, which has also recently become an award winning Council, shows this is a real opportunity to transform the new Councils created by currently the two best Councils in NSW into two new leading Councils nationally and perhaps internationally.



### 3. RESPONSE TO LEGISLATIVE CRITERIA

#### 3.1 The financial advantages or disadvantages (including the economies or diseconomies of scale) of any relevant proposal to the residents and ratepayers of the areas concerned.

##### 3.1.1 Response to Proposal

Pittwater Council supports the NSW Government's proposal for an expanded Council for Pittwater and Northern Warringah as it will meet the new scale and capacity criteria of a population of approximately 150,000. Similarly, the southern council will also meet that criteria with a population of approximately 140,000.

This will create two stronger Councils and will satisfy the financial criteria associated with sustainability, infrastructure and service management and efficiency with estimated Net Assets for the northern council in excess of \$2.5 billion and Cash and Investments of more than \$78 million and a similar outcome for the southern council.

As indicated by the NSW Government's own independent studies and reports undertaken by KPMG, the proposed merger has the potential to provide \$49 million in total benefits to communities of the expanded Council for Pittwater over the next 20 years, made up of \$29 million in financial savings over the period and a further funding package of \$20 million in the short term to fund transition, infrastructure and amenity improvements.

The proposed merger will create a northern Council better able to meet the needs of the community into the future and will provide significant benefits, in addition to the \$49 million financial benefit of:-

- a projected 67 per cent improvement in annual operating results, potentially reducing the reliance on rate increases through Special Rate Variations (SRVs) to fund local infrastructure;
- improved capacity to effectively manage and reduce the infrastructure backlog;
- improved strategic planning and economic development to better respond to the changing needs of the community;
- effective representation by a Council with the required scale and capacity to meet the future needs of the community; and
- providing a more effective voice for the area's interests and better able to deliver on priorities in partnership with the NSW and Australian governments.

An expansion of Pittwater Council to include approximately 45% of Warringah Council will also meet the assessment criteria of the Fit for the Future (FFF) Program of the NSW Government, in that:-

- the expanded Council will meet the scale and capacity criteria at a population of 150,000.
- the expanded Council will satisfy the financial criteria associated with Sustainability Infrastructure, Service Management and Efficiency.

In achieving the NSW Government's mandate of better, stronger Local Government, residents will become part of a financially stronger Council. The residents of the northern half of Warringah will incur no financial disadvantage with significant potential for improvement based on anticipated synergies realised with the rationalisation of employee structures, IT systems, plant, and other assets of the two organisations.

While it is understood that Warringah Council has conducted another internal analysis of the potential financial advantages or disadvantages of the two new proposed Councils effectively refuting any financial advantages indicated by the State Government and their external experts, it should be noted that over the past 2 years Warringah Council has released numerous reports purporting to provide the costs and benefits of the "one northern beaches Council" model in comparison to the NSW Government's proposal and the status quo.

These reports have been discredited by IPART and the NSW Government, grossly overestimating the benefits of the "one northern beaches Council" by more than \$100M and the "costs" of creating two new Councils for the SHOROC region.

Any past or present analysis presented by Warringah Council should be read cautiously or even discounted as unfortunately all "analysis" to date has been based on flawed and current policy agendas of Council in order to establish their preferred outcome.

For example, on a single but significant issue of Capital Works Programs, the assessment presented in Warringah Councils' submission considered by Council on 23 February 2016 misrepresents the data to skew the results, in that it:

- o Ignores significant capital projects in the northern council area totalling at least \$225 million over the next 10 years to undercount the costs facing the northern council, including for example the Ingleside Land Release, Warriewood Valley Land Release Infrastructure requirements, Church Point Car Park, McPherson Street Bridge to name a few, however
- o Includes projects in the southern council that are currently effectively a 'wish list' as they are not planned to be funded by Warringah or overstates the likely cost. These include for example Brookvale Oval (unfunded and not planned by Council), the Brookvale Structure Plan (unfunded and only just commenced) and the Frenchs Forest Structure Plan (likely to be paid for by s94, not general revenue)

Further, Warringah Council's own final submission to the Boundaries Commission (before Council 23 February 2016) highlights areas of financial concern in that *"Warringah's projected surplus's over each of the ten years of the Long Term Financial Plan are required to supplement shortfalls in Developer Contributions to fund new works, for example, the Dee Why Town Centre redevelopment and revitalisation"*.

Accordingly, the fact is that independent analysis shows both the proposed southern and northern councils are financially sustainable and the new Councils will have the ability to adjust policies and budgets to maximise these benefits and any financial scare tactics that have been and are being used by Warringah Council are only in order to overshadow past inequities in their operations.



**(a) Financial analysis of proposed Council**

While Pittwater Council continually looks to the future we have been able to estimate financial results of a merged expanded Council for Pittwater based on the 2014/15 published and audited financial statements of both Councils. The results are based on 100% of Pittwater Council's 2014/15 financial results merged with 45% of Warringah Council's 2014/15 financial results to provide a snap shot of what a merged Council's financial position may look like as a baseline. While it is acknowledged that boundaries and suburb profiling may affect rate bases, operating matrixes, capital expenditure, etc it is believed that this simple profile will not be too dissimilar to an end result at the beginning of its lifecycle.

Accordingly, based on the NSW Government's Fit for the Future Scale and Capacity and Financial criteria a high level financial assessment of the potential merged entity is as follows:-

**(b) Scale and Capacity - Satisfied**

An expanded Council for Pittwater will fulfil the NSW Government's determination of scale and capacity, meeting the State Government's objective of "creating Councils of around 150,000 or greater in population size" (Merger Proposal: Pittwater Council Warringah Council (part) January 2016). This will see a range of efficiency improvements under a merged entity.

- **Greater capacity to undertake regional planning and strategic delivery of projects.**
- **Improved ability to address challenges and opportunities, particularly infrastructure backlogs, and improved financial sustainability.**
- **A more effective partner for NSW and Australian governments when delivering infrastructure projects and other cross-government initiatives.**
- **Better able to function as a modern organisation with**
  - **staffing capacity and expertise at levels currently not practical or economically possible for smaller Councils;**
  - **innovative and creative approaches to service delivery; and**
  - **the resources to deliver better training and to attract professionals into leadership and specialist roles.**

**(c) Sustainability - Satisfied**

Both Pittwater and the proposed expanded Council would satisfy the criterion for Sustainability based on 2019-20 forecast benchmarks as required by the NSW State Government for:-

- operating performance ratio;
- the own source revenue ratio, and

- the building and infrastructure asset renewal ratio.

The ratios based on 2014/15 financial data would be as follows:-

Ratio	Operating Performance Ratio	Own Source Revenue Ratio	Building & Infrastructure Renewal Ratio
Pittwater Council	0.12%	81.00%	113.90%
Expanded Council for Pittwater (Merged Entity)	1.84%	83.70%	132.29%
Benchmark	Greater than 0.00%	Greater than 60%	Great than 100%

**(d) Infrastructure and Service Management – Satisfied**

Pittwater Council in isolation would have satisfied the criterion for Infrastructure and Service Management based on 2019-20 forecast benchmarks as required by the NSW Government for:-

- infrastructure backlog ratio;
- asset maintenance ratio, and
- the debt service ratio.

Under an expanded council for Pittwater proposal these sustainability ratios become stronger.

The ratios based on 2014/15 financial data would be as follows:-

Ratio	Infrastructure Backlog Ratio	Asset Maintenance Ratio	Debt Service Ratio
Pittwater Council	2.63%	127.00%	2.87%
Expanded Council for Pittwater (Merged Entity)	1.64%	119.00%	1.80%
Benchmark	Less than 2.00%	Greater than 100%	Greater than 0%

**(e) Efficiency – Satisfied**

Pittwater Council in isolation will satisfy the criterion for Efficiency based on 2019-20 forecast benchmarks as required by the NSW State Government for:-

- Decline in Real Operating Expenditure Per Capita.

Under an expanded Council for Pittwater proposal this efficiency ratio would continue to be satisfied as would Pittwater's current stand-alone estimate and Warringah Council's current stand-alone estimate.

Ratio	Decline in Real Operating Expenditure Per Capita
Pittwater Council	Decreasing
Expanded Council for Pittwater (Merged Entity)	Decreasing
Benchmark	Decreasing

**(f) Other Financial Considerations**

Whilst financial stewardship of an organisation rests with good managers and a competent elected Council, the financial viability of an organisation is based on its positive operating results, the strength of its balance sheet, availability of cash and its asset-to-liabilities ratio in the short term. Sound results in these areas of finance allow an organisation to operate effectively towards its business goals without the need to generate additional income such as a rate increase above normal inflationary adjustments.

Beyond the FFF criteria, Council has re-extrapolated the 2014/15 financial results to form a financial baseline for both the newly formed Northern and Southern Councils in order to demonstrate that these Councils would be financially sustainable now and into the future.

- **Both Northern and Southern Councils will have strong financial baselines.**
- **Such strength in the newly formed Council's financial baselines will create the platform for the delivery of the State Government's service and infrastructure improvements.**

As demonstrated in the table below, both Councils have strong current financial operating and capital platforms to build upon.

Financial Result (re-extrapolated 2014/15 financial results)	Expanded Northern Council including 45% of Warringah	Expanded Southern Council including 55% of Warringah
Net Operating Result (before Capital grants and contributions)	\$5,216,000	\$11,910,000
Net Assets	\$2.374 billion	\$2.857 billion
Unrestricted Current Ratio (benchmark 1.5)	2.71	2.59
Cash Expense Ratio (benchmark 3 months)	6.49 months	5.91 months
Capital Expenditure Ratio (benchmark 1.1)	2.23	2.11
Cash and Cash Equivalents	\$73.5 million	\$105 million
Rate Base	\$71.6 million	\$84.5 million

*Note: The splitting of Warringah (45% North and 55% South) is based on rateable properties within each of the proposed new Council boundaries. The final percentage split will need to further take into account prevailing assets, liabilities etc. and accordingly will be subject to final negotiation.*

Furthermore, the baseline (2014/15) financial criteria above would continue to strengthen after the formation of the new Council based on the improvement and rationalisation programs that would be introduced under new management.

KPMG, on behalf of the NSW Government, has projected that additional financial savings amounting to \$29 million over the next 20 years in the north and \$47 million of savings in the south could occur from the rationalisation of staff, assets, economies of scale relating to expenditure, and access to cheaper funding from the NSW Government thus seeing significant improvements in future operating results occurring.



In addition, the injection of the State's \$10 million for capital expenditure in the north and \$15 million in the south could effectively almost eradicate any infrastructure backlog liabilities of the newly formed Councils if injected directly into asset backlogs.

The SHOROC model of 4 councils into 2 delivers an additional \$15 M government funding up front to the region, compared to the 3 into 1 Northern Beaches model.

Accordingly, the simple yet accurate analysis of the aggregated snapshot of 2014/15 financial information of the proposed expanded northern and southern Councils, anticipates that no resident in either Pittwater or the northern half of Warringah should be disadvantaged through either reduced service delivery or infrastructure due to the fact of the strength in the Council's initial financial baseline and projected savings indicated by the NSW State Governments analysis.

Accordingly, all residents in both affected areas have the opportunity to be governed by a financially sustainable, stronger, more strategic, collaborative and regionally influential Council that will progress the sound achievements that both current Councils have obtained to date in the areas of infrastructure renewal and development, service delivery, and community representation in the Sydney basin.

### **3.1.2 Transformational Opportunities**

The financial benefits outlined above are based on the current operating models of Pittwater and Warringah Councils.

This is also an ideal opportunity to review process and explore innovation and transformational opportunities through a new culture and sharing of ideas. The staff at Pittwater recognise the opportunities that may present as well as the challenges and in collaboration with their Warringah colleagues build a strong, sustainable and innovative Council to service the new Council area with leadership and outstanding service delivery.

Planning has commenced to ensure that these transformational opportunities in creating a new Council are realised, further extending the financial benefits of the new Council.

### **3.1.3 Summary**

Council strongly supports the Government's proposal and the financial benefits it will deliver to the residents and ratepayers of an expanded Council for Pittwater and Northern Warringah.

Whilst a number of submissions will present an argument for the one northern beaches Council or changes to the boundary to include suburbs in the proposed southern Council, either of these would significantly change the financial criteria for the new Council outlined in the proposal, meaning that it would need to be considered a new proposal and as such the commencement of a new boundary review process.

## 3.2 The community of interest and geographic cohesion in the existing areas and in any proposed new area.

### 3.2.1 Response to Proposal

Pittwater Council supports the Proposal to merge Pittwater and Northern Warringah as it will bring together communities with significant similarities across demographic, housing market, environmental, urban character and socio-economic indicators.

The proposed expanded Council for Pittwater and Northern Warringah will be responsible for infrastructure and service delivery to more than 140,000 residents

It provides the opportunity to bring together the communities from across the Local Government areas of Pittwater and Northern Warringah. These communities have similar lifestyles, use similar services and have a common identity based on similar socio-economic profiles and a proximity to the coastal environment. They also have similar population growth outlooks and face similar challenges in accommodating population growth.

The proposed boundaries for the expanded Council draw on natural features and take advantage of the area being bordered by water on three sides. The boundaries will extend from Pittwater and Ku-ring-gai Chase to the north and the Pacific Ocean to the east. The coastline shapes the lifestyle of many communities and attracts a large number of tourists and weekend visitors. The proposed western boundary will mirror that of the existing Warringah Council up to and including part of Garigal National Park. The southern boundary of the expanded Council follows the southern edge of the current suburbs of Collaroy, Cromer, Oxford Falls, Frenchs Forest, and the eastern edge of Killarney Heights. The proposed merger would see environmentally important areas such as McCarrs Creek and the foreshores of Narrabeen Lagoon falling within one local government area, rather than two.

The expanded Council for Pittwater will be better able to provide services and infrastructure that matter to the community such as:-

- more integrated management of the Narrabeen Lagoon and Narrabeen Lagoon Catchment area.
- preserving and improving access to the coastal environment for the benefit of local residents and to enhance tourism, including improved coastal and estuary management.
- improving bush regeneration, weed control and fencing initiatives across the region, including areas along the Wakehurst Parkway or Mona Vale Road.
- preservation of Pittwater – the second-largest harbour in metropolitan Sydney (after Port Jackson).
- many of the residents are members of volunteer organisations that include Surf Life Saving, the Rural Fire Service, and the State Emergency Services.

(a) **Communities of Interest**

The proposed expanded Council will bring together two areas of predominantly low-medium density housing supported by a number of connected villages surrounded by bush and water.

Council commissioned an analysis of the proposed new Local Government Area by demographic experts (see **Attachment 1**) which found significant similarities across a range of indicators between the existing Pittwater Council and the residents of Northern Warringah.

*"Pittwater Council is similar to Northern Warringah across demographic, housing market and socio-economic indicators, making the regions well suited to a merger." (id The Population Experts)*

The following table extracted from the work undertaken by id The Population Experts highlights the high level of compatibility between the proposed merger areas:-

Indicator	Pittwater Council	Northern Warringah	Compatibility Rating
<b>Demographic Indicators</b>			
Population 0-15 years	20.00%	20.90%	Very similar
Population 65+ years	17.00%	18.00%	Similar
Couples with Children	38.40%	41.10%	Similar
Population born overseas	22.70%	25.30%	Similar
LOTE speakers	7.50%	13.30%	Different
<b>Housing Market</b>			
Separate dwellings	72.70%	72.30%	Very similar
Houses with 3 or more bedrooms	73.60%	72.90%	Very similar
<b>Socio-economic</b>			
Households in highest income quartile	40.10%	40.10%	Identical
Population with Bachelor degree or higher	25.20%	26.10%	Very similar
Employed full time	57.10%	60.40%	Very similar
SEIFA	1094.4	1093.5	Very similar
<b>Average rating</b>			<b>Similar</b>
Demographic			Similar
Housing market			Very similar
Socio-economic			Very similar

During the exhibition period of the Proposal, concerns have been raised that the most southern suburbs of the proposed Northern Warringah area, namely Killamey Heights, Forestville and Frenchs Forest, are not as well aligned to merge with an expanded Council for Pittwater.

Council commissioned id. The Population Experts to examine specifically the compatibility of these three suburbs to either the proposed expanded Council for Pittwater or to the proposed new Southern Council (see **Attachment 2**). The analysis found that "Killamey Heights, Forestville and Frenchs Forest were most similar to Belrose, Oxford Falls and Davidson and therefore more closely aligned to an expanded Council for Pittwater".



**(b) Geographic Cohesion**

The major benefit of the two-Council proposal is that it creates two distinct local government areas: one with a higher density urban feel; and one with a lower density, more environmental feel. This allows the two Councils to have a specific focus on the regional characteristics of their areas.

The expanded Council for Pittwater Local Government Area would contain around 11,000Ha of remnant natural areas, 7,500Ha of this being National Park with a further 3,500Ha of remnant natural areas on private, Crown and Council lands. The proposed merged areas contain the same vegetation types and the same mix of flora and fauna.

The lower density of the proposed expanded Council for Pittwater would contain the majority of the Garigal and Ku-ring-gai Chase National Parks, with a small exception on Middle Harbour.

There are significant environmental management benefits with the natural assets split between two Council areas, which are currently difficult to provide. For the proposed expanded Council for Pittwater this would include such services as:-

- better coordination and management of regional issues that include feral animal control, local representation of vegetation communities in reserves, weed control, wildlife corridors, and development assessment. The proposal provides a mechanism in which the vast majority of remnant vegetation will be within the one Council, streamlining the planning process around the development of significant corridors;
- improved management of the area's outstanding natural heritage, including the waterways. This would formalise the Narrabeen Lagoon catchment into one LGA, allowing for improved planning of the immediate catchment including vegetation types and onward links to the national parks;
- improved planning at the regional level, including consolidation of environment values in regional and metropolitan plans.
- complementary planning legislation and development controls across the whole LGA, reflecting environment constraints and opportunities as well as community expectations and aspirations;
- Regional Environmental education via the Coastal Environment Centre (CEC). The reach and target audience of the CEC is broad and not limited to the immediate Pittwater LGA. Annually the CEC provides curriculum education programs to 10,000 students from all areas of the Sydney basin, but particularly the Warringah-Pittwater Area. The CEC works closely with the Peninsular Community of Schools (PCS) which includes primary schools and secondary schools in both the Pittwater and Warringah LGAs.

The reach for community education programs focuses more broadly on the catchment areas of the Pittwater and Narrabeen Lagoon. The CEC provides events that include open days, pop-up events at local markets, professional workshops, local walks, seminars and a regular school holiday program for children aged 8-12.

- reducing competing demands for contracting of services for environmental management works and allowing for priority setting across the combined area. Both

current Councils use the contractor pool for most of their environmental services. The proposal would ensure consistency in the appointment and costs of these services across the proposed expanded region and allow for environmental priorities to be better implemented.

These services are currently more difficult to implement across two separate Local Government Areas. Grant applications would be more effective and apply to the whole locality. External committees and groups such as the Sydney Weeds Committee and Local Land Services would be more productive, with fewer member Councils and fewer locally based divisive issues. The larger scale and capacity of the proposed Council would also provide greater advocacy and resilience for environmental issues.

### **3.2.2 Summary**

The proposed new expanded Council for Pittwater Local Government Area will bring together communities with significant similarities across demographic, housing market and socio-economic indicators. As identified by demographic experts, "Pittwater Council is similar to Northern Warringah across demographic, housing market and socio-economic indicators, making the regions well suited to a merger."

The proposal facilitates each new Council having a specific focus on the regional characteristics of their areas, including better co-ordination of regional assets and infrastructure, and significant environmental management benefits.

Whilst a number of submissions will present an argument for the one northern beaches Council or changes to the boundary to include suburbs in the proposed southern Council, as indicated earlier neither of these are the subject of the Minister's proposal, both would significantly change the population criteria and other matters for the new Council outlined in the proposal, and are alternate proposals. As such they require the commencement of a new boundary review process.

### 3.3 The existing historical and traditional values in the existing areas and the impact of change on them.

#### 3.3.1 Response to Proposal

The communities of Pittwater and Northern Warringah share many common characteristics. These communities are bound by their sense of place as a coastal and suburban area and their shared identity. The Proposal recognises the unique history of Pittwater Council, which was created just over 20 years ago following a separation from Warringah Council. Through an analysis of historical events and recent research into the benefits and impacts of change the proposal would bring, Pittwater Council see the proposal as both a recognition and preservation of existing values whilst harnessing the common characteristics, values and interests of the two areas into a new local government area.

Historically, there have been a number of campaigns pushing for political change across the area, including a proposal in the early 1960s to split Warringah into two sections, largely as a counter to a proposal to combine Manly and Warringah Councils, which remained on the political agenda up until the 1970s. In seceding from Warringah in 1992, Pittwater established its independence and although its current preference is for it to continue to stand alone, the proposal to merge Pittwater with the northern suburbs of Warringah is acceptable because of a commonality of environmental and social values as well as communities of interest based not only on demographic similarities, but also around sporting, recreational and cultural activities.

**Strong connections exist, not only demographically, but also across sporting, recreational and cultural interests.**

The existing communities of Pittwater and the northern part of Warringah share many common values, especially related to their suburban environments, their bushland settings and the coastal communities. The areas share connections across their communities with many local services operating across the region. These services include community-based services such as volunteering groups, community care services and counselling and crisis support. These services are provided by groups such as Northern Beaches Community Connect, Community Care Northern Beaches and Northern Beaches Lifeline.

Some of the many volunteering opportunities existing across the region both through Council operated groups and community-based groups are:-

- Council-supervised bush care groups from both Pittwater and Northern Warringah work in similar environments to help regenerate nature reserves and coastal habitats. A specialised supervision and support structure will assist and expand the scope and value of work.
- there are approximately 1,200 volunteers in the Warringah-Pittwater Rural Fire Service district with six of the current brigades in the current Pittwater area and most of the remaining brigades, including the brigade headquarters, in the northern suburbs of Warringah. A larger Council will bring these brigades into a single, cohesive structure.



- both Pittwater and Warringah have community library services run by volunteers, notably Avalon and Terrey Hills, sharing similar objectives in supporting the reading and information needs of their local communities. Library systems at both Pittwater and Warringah operate Home Library Services with volunteers delivering books to housebound clients and those in retirement villages and nursing homes.
- Surf Lifesaving NSW volunteers patrol nine beaches in the current Pittwater Council area and an additional five beaches will be included in the proposed expanded Council for Pittwater area from the beaches of Northern Warringah. Pittwater's model of relationship building with the surf clubs enables empowerment of the volunteers building skills and participation rates. Through this model a genuine intergenerational volunteer service is created leading to community cohesion, development and covert learning by all age groups.

Pittwater and Northern Warringah additionally share a strong sporting community and outdoor culture. Providing recreational facilities, nature reserves, walking tracks, bike trails and sports fields is important to both regions and some facilities, such as Pittwater Rugby Park, are shared by the Warringah Rugby Club and other sports.

The inclusion of the whole Narrabeen Lagoon catchment area and surrounding recreational facilities under one Council provides a strong opportunity for consolidating the management of both the natural environment and recreational uses of this important natural attribute valued by residents of both Pittwater and Northern Warringah.

In the area of education, merging Pittwater with Northern Warringah will bring all the schools in the Peninsular Community of Schools (collective schools interest and advocacy group) into a single Council area. Collaroy Plateau, Cromer, Narrabeen Lakes and Wheeler Heights Public Schools would become part of this larger Council. Other educational institutions that service the area are Northern Beaches Community College and University of the Third Age.

Pittwater and Warringah Councils collaborate in protecting and promoting Aboriginal heritage in their local communities and are partners in The Aboriginal Heritage Office, a joint initiative of Lane Cove, North Sydney, Manly, Warringah, Willoughby, Ku-ring-gai, and Pittwater Councils, in a progressive move to protect Aboriginal Heritage in these areas. This relationship will continue under the new Council arrangements.

### **3.3.2 Summary**

There are strong historical and traditional values shared across the new expanded Council for Pittwater. These shared values will be strengthened in an expanded Council for Pittwater, particularly with improved co-ordination and support for the Rural Fire Service network, the expanded Surf Life Saving connections and greater co-ordination of the use of sporting fields. Any changes to the boundary proposed for the expanded Council for Pittwater would reduce those opportunities, particularly for the Rural Fire Service and other volunteer based services where efforts may be more coordinated and greater rates of volunteerism realised.

Pittwater's model of relationship building can be replicated across the expanded council, for example the approach to surf clubs enabling and empowering volunteers in building skills and connectedness through participation.

### 3.4 The attitude of the residents and ratepayers of the areas concerned.

#### 3.4.1 Response to Proposal

The proposal to merge Pittwater and Northern Warringah was the preferred merger option for the SHOROC region for three of the four Councils affected by the proposal.

Furthermore the proposal to merge Pittwater and Northern Warringah is the Pittwater Community's overwhelming preferred merger option if retaining the status quo was not supported by the NSW Government.

The Government has considered the merger options for this area of Sydney and is proposing an expanded Council for the southern, higher density part of the Northern Beaches and an expanded Council for the northern part of the Northern Beaches area of approximately the same size in population. This option was the preferred merger option for this part of Sydney for three of the four Councils affected by this proposal, supports the Government objective of creating Councils of populations of around 150,000 or more, and recognises the unique history of Pittwater Council, which was created just over 20 years ago following a separation from Warringah Council.

Over four years of consultation, it is clear Pittwater and Manly residents are vehemently opposed to "One Northern Beaches Council":

- 89% of the over 4000 Pittwater residents surveyed want the status quo. If forced:
  - 85% are strongly opposed to one northern beaches council
  - 86% support the 'Greater Pittwater' model of two councils for the region
- Based on surveys of over 2400 Manly residents, if mergers are forced, there is overwhelming preference for there to be two councils in the region, as opposed to one large Northern Beaches Council

The majority of residents are currently silent as they accept the two-council proposal.

Warringah has run a factually incorrect marketing campaign that has misled the community.

#### (a) Pittwater Analysis

Pittwater Council undertook a comprehensive program of community engagement activities to provide an opportunity for the broadest cross-section of the community to voice and then capture their views and preferences about local government amalgamations.

This included a random sample telephone survey run by an independent consultant, paper and online surveys, displays at customer service areas and libraries, drop-in sessions with the Mayor and General Manager, presentations to Council's four reference groups, a public meeting, and information stalls at various community market days.

Detailed information about the options was provided on Council's website, through social media and in a brochure sent to all residents and businesses in Pittwater.



The fundamental basis of this engagement was objectively seeking the community's views on the options. The three options outlined included:-

- remaining as we are on the existing boundaries.
- a two-Council model across Pittwater, Warringah and Manly (Greater Pittwater/Greater Manly).
- one single Council for Pittwater, Warringah and Manly.

Within the survey respondents were asked a series of questions, and also about their preferences and levels of support for the three options.

As respondents were not forced to complete all questions in the paper and online survey, the random sample telephone survey conducted by independent research firm Micromex Research has the most statistically valid data from which to draw conclusions.

When asked about their preferences it is clear that the overwhelming majority of residents want Pittwater to remain within its existing boundaries. Eighty-nine per cent of telephone survey respondents also support the status quo.

The option of two Councils for the SHOROC region consistently scored as the preferred second choice, of those with a second preference.

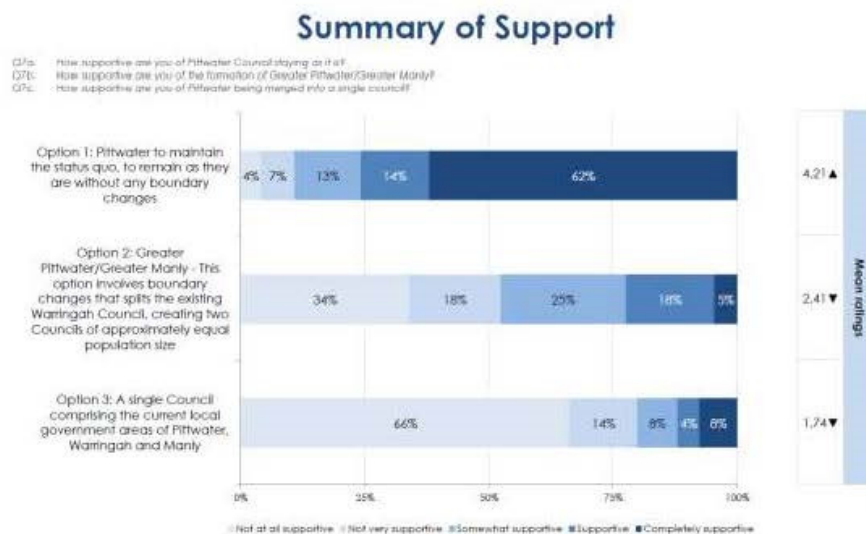
	<b>1<sup>st</sup> preference – status quo</b>
Random sample telephone survey	73%
Online survey	87%
Paper survey	95%
Average of all respondents	88%

	<b>2nd preference – Greater Pittwater/Greater Manly</b>
Random sample telephone survey	74%
Online survey	89%
Paper survey	87%
Average of all respondents	86%

\*\* Averages are based on total number of respondents to each survey.

When asked about the two-Council model, respondents were told that this option involved boundary changes that split the existing Warringah Council and create two Councils of approximately equal population size.

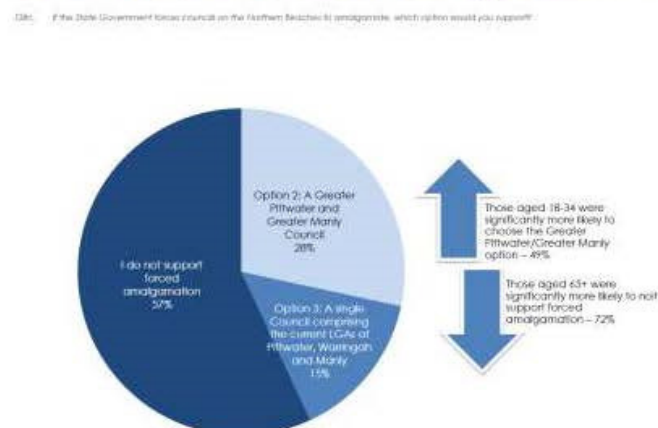
The results from the random telephone survey are summarised in the table below.



Source: Micromex Research 2015, p. 15

An additional question was asked in the telephone survey tool to clarify residents' preferences if Pittwater Council was forced to merge. For this option, twice as many residents prefer a two-Council amalgamation over one large Council for Pittwater, Warringah and Manly.

### Result of State Government Forcing a Decision



Source: Micromex Research 2015, p. 22

**(b) Warringah Analysis**

Warringah Council conducted two random sample telephone surveys during the course of their consultation with residents. The first survey, conducted by Jetty Research, did not ask about the two-Council option as a preference under consideration. It did ask about the extent to which residents across Manly, Warringah and Pittwater supported or opposed amalgamations in general. Marked differences were evident in this research, with Warringah having the highest net support for amalgamations in general (28%), followed by Manly with 6% and Pittwater strongly against with -14% net support. (N.B. net support = total supporting merger minus total opposing merger). This indicates that Warringah residents are more supportive of amalgamations than their neighbours in the other two Councils, regardless of the option on the table.

Another element identified by the Jetty Research related to the extent to which a new Northern Beaches Council would reflect the unique character of their area. The survey report stated:

*"Manly and Pittwater residents were in strong net agreement that a new Northern Beaches Council may struggle to reflect the unique character of their local area. However Warringah based respondents did not see this as such an issue" (Jetty, 2014 p. 30)*

The second survey (undertaken by Micromex Research) asked respondents about three options:

- creation of a New Northern Beaches Council.
- Warringah Council to stand alone.
- *dividing the Northern Beaches by splitting Warringah to create two smaller Council areas.*

It was interesting to note the language used to explain the two-Council option. Understandably, in this context, the creation of two Councils was the least preferred option according to Warringah residents, with only 12% identifying this as their first preference. Residents who were unsatisfied with the performance of Warringah Council however preferred two new Councils over one larger Council for Manly Warringah and Pittwater. It is difficult to ascertain levels of support within the Warringah LGA for a two-Council model as this has never been promoted with any balanced coverage as an option for Warringah residents to consider.



## Preferred Option – All Options

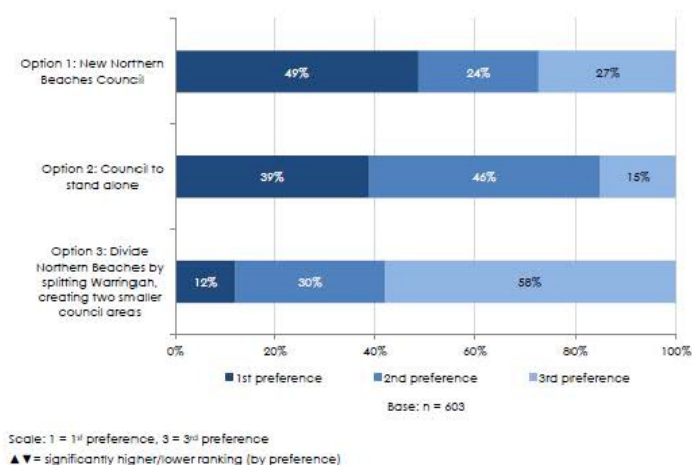
### Summary

Residents were significantly more likely to prefer Option 1 (49%) and Option 2 (39%), leaving Option 3 (12%) as their least preferred.

Residents of Ward B ranked Option 1 significantly higher.

Residents aged 25-34 were somewhat more likely to have preferred Council to stand alone, reiterating their support for this option.

Q9. Thinking about these options, which is your preferred option? And your second preference?



Micromex Research 2015. p. 11

### (c) Current Community Views

The research above is supported by the response from the Pittwater community since the NSW Government's proposal for an expanded Council for Pittwater and northern Warringah was announced. The community has been largely silent since the announcement, with community members and resident groups indicating acceptance of the proposal.

Warringah Council conducted a two-year costly mass-media marketing campaign heavily promoting the supposed benefits of "one northern beaches Council" and attacking the proposal for two Councils for the SHOROC region. Unfortunately this campaign was based on analysis discredited by IPART and the NSW Government.

Unsurprisingly following this significant campaign some northern (and southern) Warringah residents are concerned with the NSW Government's proposal based on the misinformation and ongoing campaign from Warringah Council.

Should the proposal have been for one Council for the region, as advocated by Warringah Council, Pittwater community members and resident groups have made it clear the response from the Pittwater community would have been vastly different, with significant community outrage that would have swamped that seen on the current proposal.



**(d) Pittwater staff**

During the Fit for the Future consultation process Pittwater staff were given the opportunity to complete an in-house survey using Survey Monkey. This was seen as important as both staff who lived within and outside Pittwater could have a say.

The survey tool was exactly the same as the tool used for the community with the exception of two questions:-

It was compulsory for staff to provide an answer to the preference question.

An additional question was included which asked "Please provide your feedback on what you see as Pittwater Council's greatest achievements to date".

200 surveys were completed by staff which is an extremely high response rate, indicating the level of importance local government amalgamations is to them.

It was an entirely voluntary survey and anonymity was assured.

Results for levels and support and preferences can be seen by the following table:-

Level of Support	
Status Quo	87%
Greater Pittwater	81%
One Council	19%

Preferences	
1	58% Status Quo
2	61% Greater Pittwater
3	88% One Council

Whilst many supported the status quo, it is clear that there is a high level of support from staff for a two Council model and very little support for one Council on the northern beaches.

In fact this staff survey indicated a much higher level of support for a two Council model than indicated by any of the community surveys.

### 3.4.2 Summary

It is clear that the majority of residents would like to remain as they are on the existing boundary. However the community understanding is that no change is not an option.

In this context there is strong opposition to one Council for the northern beaches. If forced to amalgamate, twice as many Pittwater residents are supportive of a two Council option than one Council.

Over four years of consultation, it is clear Pittwater and Manly residents are vehemently opposed to "One Northern Beaches Council".

- 89% of the over 4000 Pittwater residents surveyed want the status quo. If forced:
  - 85% are strongly opposed to one northern beaches council



- 86% support the 'Greater Pittwater' model of two councils for the region
- Based on surveys of over 2400 Manly residents, if mergers are forced, there is overwhelming preference for there to be two councils in the region, as opposed to one large Northern Beaches Council

The majority of residents are currently silent as they accept the two-council proposal.

Warringah has run a factually incorrect marketing campaign that has misled the community.

**3.5 The requirements of the area concerned in relation to elected representation for residents and ratepayers at the local level, the desirable and appropriate relationship between elected representatives and ratepayers and residents, and such other matters as it considers relevant in relation to the past and future patterns of elected representation for that area.**

**3.5.1 Response to Proposal**

The ratio of residents to elected Councillors in each of the two existing Councils is markedly different. This reflects the wide variation in resident populations. While the proposed merger will change the ratio of residents to elected Councillors, the ratio, based on Councillor numbers in the existing Councils, is likely to be similar to those currently experienced in other Sydney Councils, including the more populous Blacktown City Council (see table below).

Council	Number of Councillors	Number of Residents (2014)	Residents per Councillor
Pittwater Council	9	63,338	7,038
Warringah Council	10	155,289	15,429
Merged Council	9*	140,680	15,631
Blacktown City Council	15	325,139	21,676

It is considered that a Council with 9 elected representatives is a good governance model for the area. The resulting residents per Councillor doubles from 7,000 to 15,000 for Pittwater residents and remains similar for Warringah residents. One of the 9 Councillors would also perform the role of Mayor. This position should be elected by the Councillors in the Councillor's first term and at the first election, a constitutional referendum conducted to determine the view of the community on the popular election of the Mayor. If the Mayor is determined to be popularly elected it would result in nine Councillors plus a Mayor.

At the present time the Pittwater Mayor is elected by the councillors. The Warringah Mayor is popularly elected by the people.

The role of Councillors since the introduction of the Integrated Planning and Reporting strategic framework has changed to become more strategy and performance focussed. This combined with advanced community engagement protocols, communication strategies and more effective customer service systems, enables the Councillor to stream enquiries that they receive through the customer service system. It is important for that to occur to ensure equitable service delivery.

Therefore, the role of the contemporary Councillor is to develop and adopt policy and strategy, lead community engagement and monitor Council performance. Representing individual constituents on issues remains an element of the role, but it should be focussed on making the Council accountable for its decisions.

### 3.5.2 Summary

It is suggested that the new expanded Pittwater Council have nine elected representatives, three from each of the three new Wards. Initially, it is felt that the Mayor should be one of these nine Councillors. The issue of a Popularly Elected Mayor should be considered but elected for a 2 year term and a constitutional referendum conducted at the first Council Election to determine the community's views on a popularly elected Mayor.

### **3.6 The impact of any relevant proposal on the ability of the Councils of the areas concerned to provide adequate, equitable and appropriate services and facilities.**

#### **3.6.1 Response to Proposal**

The proposal to merge Pittwater and Northern Warringah has many positive outcomes with greater opportunities for transformational synergies. With a range of infrastructure resources and services that would be consolidated within the new expanded Council for Pittwater, optimising management and provision of waste disposal and resource recovery, a whole-of-catchment approach to management of Narrabeen Lagoon and consolidation of RFS services to develop a more-consistent approach, better planning and a higher level of service delivery.

The expanded Council for Pittwater will be better able to provide the services and infrastructure that matter to the community such as:-

- more-integrated management of the Narrabeen Lagoon and Narrabeen Lagoon Catchment area.
- preserving and improving access to the coastal environment for the benefit of local residents and to enhance tourism, including improved coastal and estuary management.
- common parking system to deliver a reciprocal permit.

Key examples of transformational opportunities the new entity can achieve:

##### **(a) Kimbriki Environmental Enterprises Agreement (KEE)**

Kimbriki Environmental Enterprises Pty Ltd (KEE) is one of the most successful Public-Private Partnership projects in New South Wales. Established in 1992 by the four SHOROC Councils of Pittwater, Warringah, Manly and Mosman, Kimbriki has diverted over 2 million tonnes of waste from landfill since its inception. Under Council's proposal, Kimbriki will be transformed into a world class facility in resource recovery, material reuse, community engagement, and environmental education and research. Residents of New South Wales will greatly benefit from Council's vision to further develop the facility in partnership with KEE.

Kimbriki is the only remaining public access resource recovery facility in the north shore Metropolitan Sydney region. Its existence ensures residents of the north shore region have an equitable and adequate waste disposal and resource recovery service. Under the proposal, Council will ensure the facility will continue its development under the ambitious Kimbriki Resource Recovery Project that will see the centre develop into an integrated resource recovery facility incorporating material recovery and alternative waste treatment technologies. The vision for the centre will also see its current environmental education workshop expand into an education and research facility for primary, secondary and vocational education. An expanded Council for Pittwater will be seeking to establish learning and research partnership programs with universities to discover and develop new technologies for waste treatment, material reuse and waste to energy initiatives.



Under the proposal, residents of the north shore region will continue to enjoy a one-stop-shop for waste disposal and resource recovery service, and for education and training opportunities at Kimbriki Resource Recovery Centre.

The expanded Council for Pittwater will be in a better position to strengthen the relationship between the enterprise, the landlord and the shareholders. Recent discussions have taken place between Pittwater Council executive and the team at Kimbriki to build a more collaborative working relationship to explore potential future innovations, and new key activities that will build the profile of Kimbriki as a leader in resource recovery, material reuse, community engagement, and environmental education and research. Simplifying the shareholding of KEE with two equal shareholders will better facilitate KEE's activities going forward.

Key focus areas for new Council entity in partnership with KEE:

- Review and streamline approvals for projects.
- Review of leasing arrangement to ensure facility remains a regional asset with greater site access and appropriate pricing structures for customers.
- Increased community engagement with facility and waste education.
- Build a more collaborative relationship between KEE, landlord / consent authority.
- Regionally coordinated and centralised waste teams, education and training programs.
- Approvals and consent status review of critical capital works program and projects.
- Review and improve governance arrangements between KEE Board and Shareholders.
- Streamline finance systems between Council and KEE.
- Raise the profile of facility.
- Review head lease to provide greater clarity between KEE and landlord.
- Increase efficiency of project planning and delivery by streamlining communication, approval pathways and improved relationship management.
- Investigate better cell development to reduce costs and protracted delivery.
- Undertake visioning for a waste education facility, increasing community access and centralised location for waste education teams across region.
- Introduce graduate partnership and program with higher education institutions.

#### **(b) Reciprocal Parking Arrangement**

Pittwater, Warringah, Manly and Mosman Councils currently have individual parking schemes.

The parking permits provided allow the permit holder to park in designated Council Pay and Display areas with the exception of the Council free car parks with time limits and special condition carparks located at Church Point, Rowland Reserve in Bayview, and Woorak Reserve in Palm Beach. Manly and Balmoral beaches have variable conditions applied to residents and non-residents.

##### **Benefits of a Reciprocal Parking Arrangement:-**

- **a consistent approach by Councils in the newly established areas.**
- **ease of use for the public within the new Councils.**
- **affordable for both ratepayers and cost-effective for Councils.**

The NSW Government has outlined this as a benefit of the proposal and both Manly and Pittwater Councils have committed to introduction of a reciprocal parking scheme with the commencement of the new Councils.

Residents currently using Council parking facilities in Pittwater, Manly, Warringah and Mosman are required to display the relevant Council permit, which can result in multiple permits affixed to vehicles' windscreens. A reciprocal parking permit would eliminate confusion surrounding associated boundaries for both customers and rangers. It would also alleviate concerns of residents that would lose access to free parking at their local beach (eg Cromer to Dee Why) if such a scheme were not introduced.

**(c) Consolidated Management and Response to Flooding, Coastal Hazards, Water Quality Impacts and Climate Change**

The proposed area captures about 95% of Narrabeen Lagoon water catchment area, and would drive the vision in the draft Narrabeen Lagoon Plan of Management of "*Working together for the protection and enhancement of the environmental and recreational values of Narrabeen Lagoon*" by unifying a catchment that is currently split between Warringah and Pittwater Councils.

Extending from Terrey Hills, Belrose, Frenchs Forest, Collaroy Plateau, Beacon Hill, Oxford Falls, Cromer, Elanora Heights, to the lower floodplains of Warriewood Valley, North Narrabeen and Narrabeen, the catchment represents a range of landscapes and land uses, including urban (residential, commercial and industrial), rural, recreational and bushland, all managed within two local government areas.

**Narrabeen Lagoon, has specific flooding and water quality challenges likely to be exacerbated by climate change, and which are also influenced by the sand accumulation across its ocean entrance. These challenges can best be managed as a single catchment in line with the proposed new local government boundaries to achieve:-**

- **more efficient planning, resourcing, and approvals for flood hazard mitigation and entrance clearance works for the Narrabeen Lagoon entrance.**
- **equitable distribution of resources based on the entire Narrabeen Lagoon floodplain for flood risk management priority projects.**
- **addressable climate change management strategies with fewer barriers to implementation.**

A new catchment management focus linked to the Narrabeen Lagoon catchment boundaries will provide better clarity of local government responsibilities to the residents, commercial operators, schools, and local and transient visitors (particularly visitors to Sydney Lakeside Caravan Park). This would see:

- Consistent consultation processes within the Narrabeen Lagoon catchment area for water quality and floodplain management issues (including single-Council representation on the Floodplain Management Committee).



- Clear point of contact and accountability for public enquiries relating to matters affecting the floodplain and catchment, in particular Lagoon entrance clearance activities.
- The opportunity for the Council-operated Coastal Environment Centre to be the focal point for Narrabeen Lagoon education.

Benefits would extend to a simplification of the way the major entrance clearance works are financially managed and funded, with only one Council to be accountable for and plan for any flood mitigation works required.

A stronger and consistent strategic planning approach to the Narrabeen Lagoon catchment area will ensure that land use and development aligns with the environmental values of the catchment. With a changing climate, planning for a sustainable catchment is of even greater importance to ensure that the Lagoon and its foreshores continue to remain a cherished environmental and recreational resource. The proposal area will facilitate:-

- Consistent application of catchment, stormwater and floodplain planning controls.
- The development of robust land use planning and development policies to manage future flood risks under potential climate change scenarios.

In the area of coastal management, the proposed area includes three coastal erosion 'hotspots' (Mona Vale - Basin Beach, Bilgola Beach and Collaroy/Narrabeen Beach). The proposed merger area would provide additional scale and capacity to provide coastal management and planning policies to address and mitigate coastal hazards at all three 'hotspot' areas in accordance with the future outcomes of the State Government's Stage 2 coastal reforms.

The benefits of the proposed area include opportunities for achieving joint environmental objectives between State agencies and the proposed Council, including:-

- The opportunity for further discussion with Sydney Water on wet weather flows and wastewater reuse as the sewerage to Warriewood Wastewater Treatment Plant includes a network extending into Belrose, Frenchs Forest and Oxford Falls.
- Enhancing marine biodiversity conservation with the Marine Estate Management Authority, particularly for the aquatic reserves at Barrenjoey Head, Narrabeen Head and Long Reef.

#### **(d) Rural Fire Service**

Services such as the NSW Rural Fire Service are also shared between the two current Councils. The size of the current Warringah-Pittwater Bush Fire Management Committee Area is approximately 27,400 hectares. Both Councils duplicate management services to support each service. The proposal would consolidate these services to the RFS into one Local Government Area, with Manly Dam being the exception within the proposed Greater Manly Council area.

This consolidation would see all 14 current brigades and stations fall within the one Council Local Government Area. This would provide a consistent approach to station and asset maintenance and the obtaining of funding for asset renewal. It would ensure that the current responsibility for station maintenance was centralised and remove the current situation where some stations are managed by one Council while located in another's area.

The vast majority of land prone to bushfire would be within the proposed expanded Council for Pittwater Local Government Area. This would provide a consistent approach to hazard reduction, and a streamlined approach to grant applications for the funding needed for hazard reduction, fire trail maintenance and other significant works, with reduced competition for such grants. Contracting for management hazard reduction and other works would be standardised and centralised.

The current joint agreement between Warringah and Pittwater would no longer be needed, removing competition for resources, and disparity in the provision of those services. The proposal allows one LGA to focus on bushfire management and devote specific resources to this functional area of management, perhaps the greatest natural hazard to the northern beaches area.

The Warringah-Pittwater Rural Fire Service Office would only need to deal with one entity for services and the negotiation of service level agreements, reducing paperwork.

Environment and planning assessment for bushfire risk would be consistent across the fire district and allow the proposed single Council to develop a consistent approach, better planning and a higher level of service delivery. Community education and engagement would be consistent and allow standardised information to be used across the fire district. Reporting and monitoring would be simplified across one single district.

#### **(e) Planning and Managing our Sporting Facilities for the Future**

The effective management of sporting facilities is a major priority for the community and Council regional sporting events and competitions are conducted over the four SHOROC councils, not just the Northern Beaches. The Council and the Manly Warringah Pittwater Sporting Union (MWPSU) will seek to implement a common approach to the planning and management of sporting fields across both the new northern and southern Councils for the SHOROC region and build a stronger working relationship in the future.

This is intended to include:-

- A regular Council and sporting groups forum for the MWPSU, Associations and Clubs to discuss Council/region-wide issues.
- Development of a Council/regional sporting facility strategy in consultation with the MWPSU, Associations and Clubs setting out the future plans and collective funding for upgrades and new facilities.
- Work with adjoining Councils to develop commonality on fees, booking processes and allocation processes, and consistent communications during periods of wet weather.



- Council consulting and working with the Association, Clubs and Schools to:-
  - Determine ground allocations.
  - Efficiently manage fields in wet weather.
  - Plan ground maintenance schedules.
  - Plan and jointly fund upgrades.
- Council collecting sporting user fees through Clubs or Associations, sport by sport, depending on what is most efficient.
- Maintaining the strong working relationship between Council and clubs.

An expanded Council for Pittwater will increase the total number of sporting locations to around 31 across the new area, with the majority of locations in the northern SHOROC council. This will have a positive impact on the major users of our sporting fields in a number of ways.

- Increasing the number of fields will give Council much greater flexibility in managing the usage of the fields eg If a ground is out for renovations or due to other unforeseen circumstances, council is able to relocate teams to accommodate their needs.
- Providing an improved level of service across the whole area by providing the Pittwater service of currently inspecting grounds over the weekend during wet weather in order to provide updated information to users as to whether grounds are open or closed (not followed by Warringah currently).
- Making it easier for the Public Schools Sports Association (PSSA), as it will only have to work with one council for ground availabilities and bookings.
- A greater number of playing field locations has enormous benefits for the planning for incoming populations and the allocation of both grounds and resources for the management of those grounds.

### **3.6.2 Summary**

There is a range of infrastructure resources and services that would be consolidated within the new expanded Council for Pittwater. For example optimising the management and provision of waste disposal and resource recovery, providing a 'whole of catchment' approach to management of Narrabeen Lagoon and the consolidation of Rural Fire Services to develop a more-consistent approach, better planning and higher levels of service delivery.

In addition a reciprocal parking arrangement would enable consistency, ease and affordability for residents across the two new council areas.

Any changes to boundaries within the proposal would diminish capacity to manage the provision of these services and facilities as effectively.

### **3.7 The impact of any relevant proposal on the employment of the staff by the Councils of the areas concerned.**

#### **3.7.1 Response to Proposal**

An expanded Council with appropriate scale and capacity will be better able to partner with the NSW Government on the implementation of these regional priorities.

Function as a modern organisation with:-

- staff capacity and expertise at levels that are not currently practical or economically possible for smaller Councils;
- innovative and creative approaches to service delivery; and
- the resources to deliver better training and attract professionals into leadership and specialist roles.

The Proposal has the strong support of Pittwater staff as an opportunity to continue to strengthen the local government industry and create a leading Council providing stronger services to the community.

The focus, scope, scale and positioning of this new organisation will attract new employees and assist in the retention of a highly skilled and motivated workforce.

The Proposal provides opportunities to staff for extended career paths, and opportunities for specialisation and movement into other roles.

The Proposal establishes an organisation of a size large enough to bring about the benefits of economy of scale and greater scope and capacity, whilst still retaining the necessary agility to respond to changing environments. It is not so large that it will stymie economies of scale, introduce unnecessary bureaucracy or a lack of accountability, or create a remoteness from the community.

The Proposal provides an opportunity to generate savings and efficiencies, and reduce the current duplication of back-office functions, senior executive positions and duplicated layers of current regulations. Its size, the increased scope of work and larger budgets will accelerate the appointment of young people entering the workforce through traineeships, graduate programs, internships and apprenticeships.

Similarly, it will encourage older workers to remain in the workforce while moving towards retirement by reducing their working hours. This is easier to accommodate in larger organisations because of larger teams and their capacity to be more flexible.

It is recognised that integrating large numbers of staff from different cultures into a single unified culture is challenging. The Proposal, however, creates a unique opportunity to achieve this through transformational change, and to refresh and regenerate existing workers from both Councils.

Both Pittwater and Warringah Council have Workforce Plans in place; the focus of both organisations as stated within these documents is to identify the current and future staffing needs and trends and ensure the changing needs of the community are met.

*"Workforce Planning is the process of identifying current and future staffing needs on the basis of current internal and external information. It focuses on retaining existing staff as well as attracting new employees to ensure we have the right number of people, with the right skills in the right jobs at the right time, now and in the future."*

An analysis of the Workforce Plans (2013-2017) of both Warringah Council and Pittwater Council demonstrates that a significant number of the same strategic issues are noted within both Council workforce planning frameworks. These issues are:-

- Both focus on entry level programs to introduce young people into the workforce.
- The challenges of an ageing workforce (one older than average) in both Council areas.
- A shrinking workforce because of declining birth rates.
- A strong reliance by both Councils on the northern beaches catchment area for recruitment of staff.
- Similar gender inequality issues, particularly in senior management and decision making roles.
- Similar employee profiles, with a high percentage of older workers and a relatively low proportion of young employees.
- Strong emphasis by both Councils on learning and development programs, including leadership programs, to help retain staff and maintain skill levels.
- Both Councils focus on employee wellbeing programs and recognise the need for and desire for flexibility in the workplace.
- Both Councils seek greater diversity within their workforces.
- Both Councils note the need to manage the impacts of new technology on staff.
- Both Councils identify the need for targeted recruitment for in-demand roles.
- Both Councils note the need for continuing staff engagement programs, underpinned with research to gauge levels of staff engagement.

Using the Workforce Planning documents provides the foundation for 'day one' planning of the new organisation. A draft human resourcing framework is attached providing a blueprint for separation and integration of staff within the proclamation of a new Council and beyond (**Attachment 4**).

Whilst there are many benefits to the proposal identified and outlined within this submission it is important to highlight that staff and organisational culture are the key to a successful integration and design of a new entity and to ensure the benefits are realised in the medium to longer term.

The key features of the framework are built on the following elements to managing human resourcing through a transition / merger:-

- Articulate the vision and strategy for workforce management prior to proclamation and throughout transition (first 100 days).
- Set the new organisational structure early on.
- Establish stable leadership and management structure.



- Bring the combined cultures of both organisations together creating a strong cultural vision for the new entity. Strengths of both cultures to be captured and leveraged to create a high performing organisation.
- The retention of key talent from both organisations.
- Ensure effective knowledge transfer and retention for continued service delivery.
- An approach that is both enabling and transformational for staff throughout the transition and longer term.
- Strive for employer of choice in the medium to long term.
- Ensure the staff have sufficient tools and resources to deliver continuous services from day one.

### **3.7.2 Summary**

The proposal will increase organisational capacity and staff expertise through new opportunities that will result from the increased size and scale of the new organisation.

The attraction of new employees and the retention of highly motivated staff will be assisted by new leadership and specialisation roles, and by opportunities for diversification into other areas of work. The proposal also delivers economies of scale and efficiencies in back office functions, regulatory compliance, accountability and senior executive positions.

This is not withstanding the fact that people and human capital are central to a successful integration. A human resource framework is essential from day one providing the fundamental human resourcing considerations, a desired approach and execution is essential to ensure continuity of service, staff retention and a successful integrated organisational culture.

Whilst there are many benefits to the proposal identified and outlined within this submission it is important to highlight that staff and organisational culture are the key to success and realisation of any benefits of the proposal in the medium to longer term.



### **3.8 In the case of a proposal for the amalgamation of two or more areas, the desirability (or otherwise) of dividing the resulting area or areas into wards.**

#### **3.8.1 Response to Proposal**

Pittwater Council supports the creation of three new Wards with three Councillors elected from each Ward in keeping with the current three ward structure of both Pittwater and Warringah Councils.

A detailed analysis of options for Wards has been undertaken with the assistance of "i.d The Population Experts". The proposal for new Ward boundaries, as outlined in **Attachment 6**, creates three Wards, each with approximately equal numbers of voters. The proposed Wards comply with the requirements of the Local Government Act to ensure less than a 10% variation between the number of electors in each Ward.

The three proposed Wards are outlined below. -

- **Ward 1 - Peninsula and National Park - 32,141**

Mona Vale and north along the peninsula to Palm Beach.  
Bayview, Ku-ring-gai Chase, Cottage Point.

- **Ward 2 - Narrabeen Lakes - 31,732**

Warriewood, North Narrabeen, Collaroy, Collaroy Plateau, Wheeler Heights,  
Cromer.

- **Ward 3 - Inland - 33,374**

Frenchs Forest, Forestville, Davidson, Belrose, Oxford Falls, Killarney Heights,  
Elanora Heights, Terrey Hills, Duffys Forest.

This is an indicative ward structure for consideration in line with s210 Local Government Act. The aim has been to include whole suburbs within the ward boundaries. Should suburbs be placed in or out of any of the wards, the 10% variance of electors as specified would need to be maintained.

#### **3.8.2 Summary**

It is proposed that the new Expanded Pittwater Council be split into three Wards as outlined in **Attachment 5**.

**3.9 In the case of a proposal for the amalgamation of two or more areas, the need to ensure that the opinions of each of the diverse communities of the resulting area or areas are effectively represented.**

**3.9.1 Response to Proposal**

The Council will be of optimum scale and capacity to be a more-effective advocate for the needs of the Pittwater and Northern Warringah communities. It will also be able to develop improved strategic capacity to partner with the NSW and Australian governments, including on major infrastructure initiatives, community services, and urban planning and development.

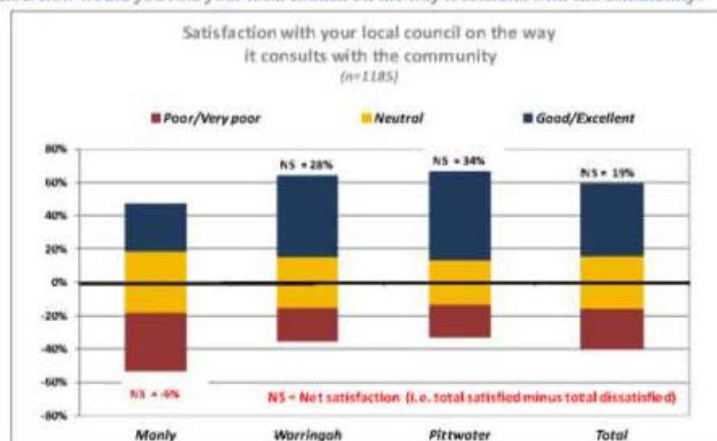
The many ways communities currently engage with these Councils will continue, including through public forums, committees, surveys and strategic planning. Councillors will continue to represent local community interests and will have the opportunity to take a more regional approach to economic development and strategic planning.

Through the community strategic plan council would replicate its successful reference group model to engage and empower large numbers of stakeholders in the delivery of the community's vision for the new council. This model enables a high level of participation, accountability and transparency between the council and the community.

Pittwater Council has a proven track record in relation to the way that it consults with its community. This is substantiated by research commissioned by Warringah Council in 2015 (highlighted in the table below) which indicates that current Pittwater residents have the highest level of satisfaction with community engagement of the three Councils surveyed. In addition, Pittwater Council's own community survey result showed that 75% of residents are satisfied with the community's involvement in decision making (Micromex Research 2014, p.38).



Graph 2.3c: How would you rate your local council on the way it consults with the community?



Warringah and Pittwater both scored reasonably well on the quality of their consultation, with less than 20 per cent of respondents dissatisfied in each instance. Less so Manly Council, with 34 per cent dissatisfied and a net satisfaction score of -6 per cent.

Table 2.1: Summary of satisfaction scores

How would you rate your LGA on:	LGA	Very poor	Poor	Neutral	Good	Excellent	Mean	Net satisfaction
The quality of services it delivers	Manly	7.1%	7.9%	35.8%	45.8%	4.2%	3.32	35%
	Warringah	2.0%	6.2%	34.8%	46.8%	10.2%	3.57	49%
	Pittwater	4.0%	5.8%	29.8%	45.1%	16.1%	3.63	51%
Its financial strength	Manly	12.5%	12.2%	42.5%	29.7%	3.1%	2.98	8%
	Warringah	5.2%	8.8%	35.5%	39.0%	11.6%	3.43	37%
	Pittwater	4.2%	3.3%	40.8%	35.0%	16.7%	3.57	44%
The way it consults with the community	Manly	20.7%	13.5%	37.4%	26.2%	2.2%	2.76	-6%
	Warringah	6.9%	13.5%	30.8%	36.1%	12.7%	3.34	28%
	Pittwater	5.1%	14.3%	27.1%	38.6%	14.8%	3.44	34%

(N.B. Cells marked blue indicate a statistically significant difference above the overall mean. Those marked in pink show a statistically significant difference below the overall mean.)

Pittwater Council has developed a sound framework to ensure that the broadest cross-section of the community is involved in decisions and matters that affect it. This framework includes a register of community groups which reflect the range of stakeholders in our community, including resident groups, natural environment groups, specific interest groups, and key user groups. Pittwater Council undertakes a regular audit with these and other groups to keep information up to date and to verify that governance processes are in place to ensure they legitimately represent the interests of their community.



These groups have been actively involved in the local government reform process alongside individual residents in the community.

Pittwater welcomes the opportunity to join with groups such as the Killarney Heights Progress Association, Terrey Hills Progress Association, Oxford Falls Progress Association, Collaroy Plateau Progress Association, Warringah Urban Fringe Association, Frenchs Forest Lions, and Rotary Clubs. There are opportunities to extend this list to create a more-inclusive network that represents each of the resident areas within this extended community. These would then be formally represented through the community engagement framework using mechanisms such as the community reference groups.

**Pittwater Council was the first amongst the SHOROC Councils to establish community reference groups in 2009.**

Pittwater Council has four reference groups (Connecting Communities, Natural Environment, Sustainable Towns and Villages, and Leading and Learning) which align with the Key Directions of our community strategic plan. One marked difference from the approach at Warringah Council is that the members of these groups are appointed as representatives of community groups as well as individual Pittwater residents. The Reference Group format allows for a mix of 14 representatives (up to 12 representing a community group). This ensures that representation is far reaching and that a vast network of views is taken into consideration as we implement the aspirations identified in the community strategic plan. This engagement structure places an emphasis on inclusion and there is the capacity to increase the number of representatives on these community reference groups.

In addition to reference groups Council has established committees such as the Narrabeen Lagoon Risk Management Working Group, the Ingleside Community Reference Group and the Special Rate Variation Community Advisory Committee. These act as legitimate mechanisms to ensure accountability and transparency. Pittwater Council actively seeks the knowledge and expertise of community members on these important matters.

More recently, Pittwater has invested resources in a Youth and Family Services team. Within this structure is the innovative mechanism of having paid youth consultants and a network of youth volunteers. The engagement practice of this team provides the capacity to easily involve young people within the northern areas of Warringah.

The introduction of a Place Management Business Unit within Pittwater Council in 2014 emphasised the importance of people and place. Since its inception, the Place Management team has worked hard to plan and activate our network of villages so that they operate as important social, recreational and economic hubs within our community. We see tremendous opportunities, with the addition of a series of villages within the Northern Warringah area, to consolidate our vision for a vibrant sustainable community of connected villages inspired by bush, beach and water. There are unique opportunities with the development of the land release area of Ingleside to connect with the communities of Terrey Hills and Duffys Forest.

Pittwater Council has developed a close working relationship over many years with key community service organisations that include Surf Life Saving, the State Emergency Services, Rural Fire Services Community, Care Northern Beaches (located at Mona Vale), and Manly Warringah Sports Association.



The preservation and protection of the natural environment is a priority for Pittwater and Council has been recognised for bringing together the volunteer base focused on enhancement of the natural bushland and coastal areas. Pittwater Council supports over 35 volunteer bush care groups that would now extend to those in Northern Warringah. The social capital that Pittwater Council has built within this network means that such groups will have a united community voice focused on preserving and protecting these precious natural assets.

### **3.9.2 Summary**

Pittwater Council's proven track record of community engagement and strong links with the community will ensure that the diverse opinions of the new Council area are effectively represented.

### **3.10 Such other factors as it considers relevant to the provision of efficient and effective Local Government in the existing and proposed new areas.**

#### **3.10.1 Response to Proposal**

Benefits of the Merger Proposal include: -

- improved strategic planning and economic development to respond better to the changing needs of the community; and
- providing a more-effective voice for the area's interests, to be able to deliver on priorities in partnership with the NSW and Australian governments more effectively.

#### **(a) Two equal Councils, working together and partnering with the NSW Government**

The current SHOROC model of four Councils of uneven size and capacity has created ongoing issues for the functioning of the region. This proposal linked with the Southern Council proposal of two equally balanced Councils overcomes this issue and will provide strong stable governance for the local government sector into the future.

This proposed expanded Council will have the scale and strategic capacity to effectively plan and partner with State and Federal Government in the delivery of key infrastructure.

More importantly the proposal provides the opportunity to create a more collaborative operating culture within the SHOROC region, with the two Councils working cooperatively on an equal basis to plan for population growth, improve services, infrastructure and put downward pressure on rates. .

#### **(b) Planning for housing, employment and infrastructure**

##### **Greater Sydney Commission & District Planning**

The new Greater Sydney Commission and creation of District Plans has changed the way state and local government's collectively plan for the future.

Critical to the success of this process is the establishment of suitably strong Councils able to work together and in partnership with the NSW Government to strategically plan for future housing, employment and infrastructure across the District's and Sydney.

This proposal creates such a Council and importantly taken together with the proposed southern Council and the other three proposed Councils for the northern Sydney District creates 5 relatively equal Councils that will be able to work together with the NSW Government to build and deliver a strong District Plan for this region.

Pittwater has demonstrated a history of successful partnerships with Government to deliver strategic outcomes across both Pittwater and the SHOROC region and this will be further enhanced under this expanded Council model.

## **Housing**

Pittwater and Northern Warringah have large areas characterised by detached, low density residential housing in an environmental setting. Analysis provided by .id The Population Experts (2016) has identified that 72.7% of the current Pittwater Council area is made up of separate dwellings. This aligns almost exactly with Northern Warringah which has been shown to have 72.3% separate dwellings (.id, 2016).

The amount of low density residential housing is a major point of differentiation between Greater Pittwater and Greater Manly Councils, with a rate of separate dwellings of approximately 72% for an expanded Council for Pittwater compared to only 43% for Greater Manly (.id, 2016). This is a clear point of distinction between the two proposed entities and reflects the different character and demographics of these areas.

Nowhere is the difference more pronounced than in areas such as Killarney Heights, Forestville and Frenchs Forest with over 90% of housing stock as separate dwellings (.id, 2016). This creates a compelling case for inclusion with an expanded Council for Pittwater.

A merged Council will allow a consistent approach to the planning and development of these areas, ensuring that increased housing density be shared equitably across the region. There will be an improved capacity to plan for, and respond to, housing and employment growth, and to coordinate associated infrastructure delivery.

A different planning approach will be required in Greater Manly with approximately 37% of its housing stock as higher density, compared to approximately 1% for Greater Pittwater (.id The Population Experts, 2016). Medium and high density areas such as parts of Dee Why, Freshwater, Queenscliff, Manly and Mosman have a significantly different character to the residential areas of an expanded Council for Pittwater. As such, they require a different planning approach in the future.

## **Planning of Strategic Centres**

Pittwater Council has undertaken a successful Place Planning Process for Mona Vale town centre. This process will deliver a vibrant town centre that creates places for people, and employment and housing opportunities. The Place Planning Process can be applied to the existing centres and villages within Northern Warringah, including the Frenchs Forest hospital precinct. A Place Planning approach allows Council to work with the community to deliver places where people want to live, connect and work.

Pittwater Council recognises the strategic importance of the Frenchs Forest hospital precinct: the opportunity exists to extend the benefits from the significant investment in infrastructure in this area, to provide employment and housing opportunities for the region. As outlined below, Pittwater Council and its community have a track record of partnerships with Government that deliver positive results for the community on large scale strategic projects such as the Ingleside Precinct and Warriewood Valley Land Release.

There will obviously be a need for councils to adopt a collaborative approach with their neighbouring councils to deliver consistent outcomes on regional and metropolitan scale issues. Pittwater Council has a long record of effectively collaborating with stakeholders across the region to plan for and deliver strategic planning outcomes. This has seen outcomes delivered including the Northern Beaches BRT and a new Northern Beaches Hospital. This same collaborative approach would be used to work with the proposed southern Council to plan for the strategic centre at Frenchs Forest. A similar approach would be applied to any issues that may arise along shared Council boundaries or major strategic centres throughout the region.



### **Land Release**

Warriewood Valley is an existing land release area that is more than half complete, and is due to deliver over 2,500 new dwellings. The planning and delivery of this land release has included a partnership with the Department of Planning & Environment (DP&E) to undertake a Strategic Review of existing controls following the Global Financial Crisis. This resulted in increased densities in this area, and a subsequent renewed interest and uplift in the rate of development. The experience in managing and delivering projects of this scale can be applied in Northern Warringah.

The Ingleside Precinct Planning Process is a partnership between the DP&E, Urban Growth and Pittwater Council. This project has also demonstrated Pittwater's ability to partner with the State Government to investigate the development potential of Ingleside. This process considers environmental, economic, social, governance, and infrastructure issues associated with such a land release. The skills and expertise developed as part of this process can be applied to Northern Warringah.

### **(c) Economic Development**

The proposed expanded Council for Pittwater will encompass a total land area of over 214 square kilometres with a population of 140,681 (2014), supporting greater economic development advantages and increasing job generation. Currently the Pittwater LGA comprises one town centre at Mona Vale and key village centres at Newport and Avalon, which is part of an urban coastal region made up of a variety of smaller localities.

Local residents of an expanded Council for Pittwater will be well-served by extensions to national parks and bushlands, including coastal foreshores, beaches, islands and waterways. The area will be underpinned by a variety of existing major features such as Mona Vale Hospital, Warriewood Shopping Centre, surf clubs and other local attractions. The proposed new boundaries for the merger will include additional village centres that will include Narrabeen, Collaroy, Terrey Hills, Belrose, Forestville, Glenrose, Killarney Heights and Forestway. These additional centres will greatly enhance the vibrancy essential to place planning programs, and will enliven and build stronger village economies.

From a broad economic development perspective, the proposed expanded Council boundary area will significantly add to the existing highly skilled and educated workforce (32,316, *id* The Population Experts, 2014), which has a low unemployment averaging less than 3 per cent. Expanding Pittwater's existing business base, predominantly micro- and small-to-medium, globally competitive firms (with currently over 8,000 businesses in Pittwater LGA) will support diversification and help grow business innovation to further underpin the local economy. The Gross Regional Product for Pittwater alone was \$3,053million at 30th June 2014.

### **Economic Growth and Development**

In keeping with the implementation of Council's current Economic Development Plan, the addition of business and commercial areas will encourage further smart economy growth in a range of high-value, low-impact sectors, diversifying and broadening the local economic base while respecting and recognising the interdependence of the economy with the environment and community. The framework and direction of Council's current economic development planning is adaptable, to drive economic growth through the support of economic programs.



The new, expanded Council for Pittwater business base will include the following new geographic locations of business that will support continuing employment generation, promoting even greater sustainable business growth, investment, and employment for an expanded Council for Pittwater:

- **Austlink Business Park** at Terrey Hills integrates modern forms of industry, manufacturing, research, warehouses, offices and related services with the natural qualities of this locality and the adjacent national park.
- **The Forest Central Business Park** and surrounding businesses, located on Warringah Road at Frenchs Forest, supports a cluster of wholesale traders and global brand head offices including Miele, Dell Computers, Citizen Watches and Beam Global. These businesses have an extensive employment base, from blue collar workers to specialist technical and professional management. Forging effective partnerships with these new business and communities will stimulate sustainable job, innovation and overall economic development.
- **From the economic perspective**, the new 200ha **Northern Beaches Hospital at Frenchs Forest** will have a high level of synergy with Mona Vale Hospital, especially in the areas of specialist suppliers, and employment opportunities for specialist and key workers. The new hospital will provide increased health services and complex care, supporting innovation, research, teaching and clinical changes well into the future. When open in 2018, the level 5 hospital services will provide the community with 488 beds, a large emergency department, operating theatres and a GP clinic on-site. More than 1,300 professional and other staff will work at the hospital.

#### Self-containment

Referring to the 2011 Census, self-containment measures the proportion of local residents who also work locally. For Pittwater, this figure is now close to 40% - i.e. 40% of employed local residents work within Pittwater. A further 17% work in neighbouring Warringah. Around 10% of residents travel to work to the Sydney CBD, and 3.5% go to North Sydney. Pittwater is also the destination of 1,200 daily workers from the surrounding areas of Manly, Ku-ring-gai, Hornsby and Ryde. As the level of self-sufficiency (the percentage of workers who live locally) is also high, at 60%, an expanded Council for Pittwater will benefit from both increasing levels of self-containment and self-sufficiency.

There has been a significant increase in the number of Pittwater's residents working in managerial and professional occupations, supported by data from .id The Population Experts. This has been accompanied by significant growth in service and administrative workers. This trend is another indicator of the increasing diversity which will likely increase with an expanded Council for Pittwater.

The high levels of education and skills of the existing local population, and the addition of similar high levels from Northern Warringah, mean that there is an expanding, highly-skilled pool of local workers providing an important resource for growing local, small-to-medium businesses now and into the future.

#### North Narrabeen Village Centre

There are considerable economic development-related advantages of a single village centre for Narrabeen, combining the existing Narrabeen and North Narrabeen village centres. While the existing bridge physically splits the two villages, there are significant

high- level economic development opportunities to be realised through expanding the mixed-use retail/commercial business environment. One cohesive, relaxed and pedestrian-friendly village, connected to the lakes, the new Narrabeen trail and attractive public open spaces supported by housing, will ensure vitality and business growth.

With a greater stimulus for commercial activity, potentially one business support group in the expanded centre will provide benefits to the existing economic base for in branding and marketing. An increased mix and diversity of commercial and retail use and potential for more north Narrabeen "shop top" housing and cafes will complement and grow the village. There is also activation potential on the northern side, combined with commercial and/or residential uses above ground level with quality design, efficient on-site parking for optimum amenity and accessibility.

#### **Smart People/Global Connections/Home-based Businesses**

Many of the residents and home-based business owners of Pittwater represent very successful entrepreneurs and intelligent business people that have made a lifestyle choice to live and work in Pittwater. These people often have very strong global business networks and access to capital. The additional village economies of the expanded Council for Pittwater will greatly enhance these existing strengths, to assist future economic development trends:-

- understanding and building world-class, export-oriented industry clusters that contribute to a more-diverse, resilient economy.
- new investments in infrastructure that are strategic, sustainable and focused on delivering economic returns to Pittwater.
- maintaining a high quality of life that attracts and retains the skilled and talented workers required to drive the local economy.
- providing regional leadership for economic development and employment growth.
- be a global leader in sustainability practices, balancing social, environmental and economic considerations for the benefit of all residents and businesses.

#### **Tourism Business Sector**

The proposed new expanded Council for Pittwater provides an extension of significant tourism, recreation and leisure links and will expand opportunities to help promote the area as a destination for day visitors, with flow-on to support and grow business in an emerging part of the local economy. The key aim of the Tourism In Pittwater Emerging Issues Paper aims to increase the overall recognition of the tourism business sector locally and regionally, acting as a major source of strong economic development by government and the business sector, assisting the alignment of local and relevant state strategies underpinning tourism, and to be a useful tool for educators, investors, tourism operators and the wider business community in the implementation of their own plans.

**Sustainable tourism in an expanded Council for Pittwater will help build a type and a style of tourism development that contributes to even greater economic viability of places and people through employment and investment.**

It will contribute to the communities' sense of pride, place attachment and connection with others, and provide sustainable stewardship over the environmental and natural resources that contribute to the tourist experience.



Tourism-related economic development as part of an expanded Council for Pittwater can have positive social implications through promoting inclusive growth as investment occurs in the community. Local support for tourism activities, events and development can generate strong social outcomes on the standard of living of local residents. Tourism is a major and growing contributor to Pittwater's economy. The area is gaining recognition as a great place to visit, live, work, play and invest. More than 10 per cent of our current local workforce is employed directly in tourism and hospitality, which is above the national average. Job opportunities exist for all, including young and mature residents with many job vacancies available in this sector. The tourism and hospitality industry is one of the few industries which is able to offer employment on a casual, part-time, full-time and internship basis, and across a variety of skill levels. New assets for the expanded Council for Pittwater, such as Glen Street Theatre, will greatly assist tourism related employment.

There is increasing growth in the 'new economy' sectors of information, media and telecommunications; professional scientific and technical services; administrative and support services; education and training; health care; arts and recreation. These changes are indicative of a healthy diversification of Pittwater's local economy into what could be described as key 'new economy' activities.

#### **(d) Role in Future Northern Sydney ROC**

The Shore Region of Councils (SHOROC) consisting of four Councils has been a successful model of Local Government for the past 20 years. It plans, advocates and procures on behalf of Councils, achieving for example, over \$1 billion in NSW Government investment in the region's health, public transport (the B-line) and road infrastructure in the last five years.

The restructure of the Local Government Sector now provides the opportunity to build that model to match the northern Sydney planning district by merging with North Sydney Regional Organisation of Councils (NSROC). NSROC currently has seven member Councils.

The regional organisations have been in discussion for the past year on a potential merger of the two organisations to create a single North Eastern Sydney entity that matches the NSW Government districts including for planning, health, education, community services. The Local Government Reform proposals will reduce the number of Councils in this district to five. That would enable the five more equally balanced Councils that form part of the North East Sydney Planning District with similar strategic capacity to collaborate on not only Planning issues, but a range of service and advocacy matters for the region.

### **3.10.2 Summary**

The two existing economies of Pittwater and Northern Warringah complement each other. The new expanded Council for Pittwater Council will continue to achieve high levels of containment and will continue to support an emerging tourism sector.

Any changes to the proposed boundary of the expanded Council for Pittwater, particularly if Frenchs Forest were not included, would significantly diminish the economic opportunities of combining Pittwater and Northern Warringah.

An expanded Council for Pittwater will allow those parts of the region that predominantly feature detached low density residential housing in significant environmental settings to be managed consistently.

The three current or future major land releases and consolidations, namely Warriewood Valley, Ingleside and Frenchs Forest, will be managed by an expanded Council for Pittwater.

The proposed boundary of the expanded Council for Pittwater is most suited to ensuring the future Council's ability to be an equal partner in the planning for the Northern Sydney planning district.



#### 4. CONCLUSION

This proposal represents the culmination of four years of discussion and debate, evaluation and misinformation, engagement and communication on the options available in the Local Government Reform program. Panels have recommended an array of reforms from Joint Organisations to mergers of councils to achieve financial sustainability and scale and strategic capacity. The councils have advocated from the status quo position to the one council model.

Structural reform is only one element of the process for stronger Local Governance. For instance, a review is currently underway relating to the rating structure with a view to amend the valuation basis upon which rates are calculated. Similarly the Local Government Act is the subject of a review by the Government and currently before the sector.

The heavily qualified theoretical financial dissection of the incomes and long term expenditures undertaken by Warringah rely upon historical models (eg rating) that may not apply to the new council and future expenditures that were previously unbudgeted. Ultimately the new councils' success will be a product of their leadership and culture. What should not be missed, particularly in this region, is that Local Government is not just about dollars and cents, but about proper planning, people and places.

The last Boundary Commission outcome following years of community unrest resulted in the splitting of part of Warringah Council to form Pittwater. The result of that decision has provided two decades of an outstanding, award winning, high performance council, with a strongly collaborative culture working with a highly engaged community.

Quoting from the interim findings and conclusions of the Pittwater Public Inquiry 1990-1991 "the Pittwater situation is a compelling example that local government issues are not related solely to costs and services. People there are very concerned about local government as government, about policies and how they are arrived at, how the public view is taken into account and about the style and management by which they are governed." *An excerpt taken from page 10 of the interim findings and conclusions of Pittwater Public Inquiry 1990-1991.*

The strong sense of identity, the outstanding planning achievements, the progress on key infrastructure and the sense of connectedness through the improvements to Towns and Villages is the essence of Pittwater. Vibrancy, sustainability, community, connectedness and strong custodianship over the natural environment have been captured and delivered from the communities' vision for Pittwater.

Two decades later, in a changed environment with different pressures the Government and the local government sector is seeking to reform the sector through the reduction in the number of councils and provision of scale and strategic capacity. This submission outlines the reasons that the proposal for the merger of an expanded Pittwater council with 124 square kilometres of Warringah council with a resident population of 77,343 will provide a strong, viable entity, sharing similar values that will have the economy of scale and strategic capacity to effectively plan and partner with State and Federal Government in the delivery of key infrastructure.

More importantly the proposal provides the opportunity to create a more collaborative operating culture within the SHOROC region. The Northern council would be able to provide stronger governance at Kimbriki, a single council for the Rural Fire Service volunteers, stronger relationship with the NSW Surf lifesaving clubs.

The area would retain its low density peri-urban ambience of around 700 people per square kilometre. There exists a strong community of interest and connection not only demographically but also across sporting, recreational and cultural interests.

The proposal would improve the management and coordination of sporting fields with the various sporting associations with the council hosting most of the sporting facilities within the SHOROC Region.

Professor Brian Dollery endorsed the SHOROC two council model as 'the most sensible and economically responsible outcome for the region possible', despite stressing that he was 'always opposed to compulsory mergers'.

He said that compared to the Independent Panel's recommendation of a forced merger of Manly, Pittwater and Warringah, 'the IPART's new proposal is the best outcome for residents in the region'.

'It allows for the strengthening of villages and communities and retention of local character, community of interest and identity with both of the areas retaining a similar density', he said.

'It also ensures the custodianship over a unique waterway and lower density development in keeping with the natural environment and heritage in the northern council, whilst the southern council would be more harbour and city focussed with a higher level of density'.

Professor Dollery noted that the SHOROC two council model 'supports conceptual and empirical research that shows that the larger proposed entity was not a better option'.

Empirical research undertaken by both Professor Brian Dollery and KPMG had shown that a two council model can provide both financial, environmental, social and governance benefits for the communities they serve.

The negative argument against the splitting of Warringah is counter intuitive given that the proposition that Warringah argues it has been very successful. It would follow that two similarly sized councils in the same region would also be successful and it would represent the best model for the future of the region. Likewise Pittwater received the only highly commended award in the Bluett awards in 2015 and is a previous winner. The joining of the like elements of these two councils will provide transformational benefits for the council and its community.

Whilst a number of submissions will present an argument for the one northern beaches council this model has been overwhelmingly rejected by the Pittwater Community and government despite the concept being heavily promoted. Those submissions relate to a proposal which has now been referred by the Minister for examination. Consideration of a one council for the northern beaches proposal requires the commencement of a new process.

Similarly the proposition of a major boundary change of the three suburbs of Killarney Heights, Forestville and Frenchs Forest is not the proposal which the Minister has referred for examination. It would reduce the population of the proposed council by 25,000 to 115,000 population. This would irreparably damage the two council balance, scale and strategic capacity of the northern council, render it outside the current key reform scale and capacity criteria and the smallest council in Sydney. For such a proposal to be examined, a different proposal would need to be referred by the Minister and the process begun again.

It is submitted that no weight should be given to these submissions in this instance as they represent alternative proposals not currently before the Chief Executive's delegate.

Pittwater Council commends the proposal and seeks the Delegate's endorsement to enable the transition to strong, collaborative, strategic and fiscally sound Local Governance for the northern part of the SHOROC Region being Pittwater and part Warringah.



Office of  
Local Government

Office of Local Government

## **COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS**



**DECEMBER 2015**

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## PURPOSE

These Guidelines provide guidance to councils that are the subject of merger proposals on the appropriate exercise of their functions during the period in which a merger proposal is under consideration by the Chief Executive of the Office of Local Government, the Boundaries Commission and the Minister for Local Government under the Act.

It is important during any merger proposal period that councils continue to operate appropriately, effectively and efficiently to meet the needs of their communities. The Office of Local Government recognises that councils, councillors and council staff all share the desire to continue to serve their communities effectively during the merger proposal period and will have many questions about how to do this in a manner that is appropriate and permissible. These Guidelines seek to assist councils to do this and to provide clear guidance on what is and is not appropriate and permissible during the merger proposal period.

These Guidelines are issued under section 23A of the Act meaning that all councils must consider them when exercising their functions.

## THE SCOPE OF THESE GUIDELINES

These Guidelines apply to decisions made by councils the subject of a merger proposal during a merger proposal period.

For the purposes of these Guidelines:

**“the Act”** – means the *Local Government Act 1993* (NSW).

**“a decision”** - includes the exercise by the council of any function (including the expenditure of monies and the use of resources) and includes functions exercised under delegation by council officials.

**“council officials”** – includes a councillor (including the Mayor), a member of council staff or a delegate of a council.

**“merger proposal”** – means a proposal for the amalgamation of two or more local government areas or the alteration of the boundaries of one or more local government areas initiated by the Minister for Local Government, a council affected by the proposal or an appropriate minimum number of electors under section 218E of the Act.

**“merger proposal period”** – means the period of time during which a council is affected by a merger proposal, commencing on the day a proposal is made with respect to the council's area under section 218E of the Act and concluding on:

- the day after the Minister decides to decline to recommend to the Governor that a proposal referred to the Boundaries Commission or the Chief Executive be implemented under section 218F(8), or
- the date specified in the proclamation implementing the proposal if the Minister

recommends to the Governor that the proposal be implemented.

“**new council**” – means a new council created as a result of a merger proposal.

## **COUNCIL DECISION MAKING DURING MERGER PROPOSAL PERIODS – GENERAL PRINCIPLES**

During a merger proposal period, councils and council officials should be mindful of the need to act in the best interests of their community and for the purposes of meeting the needs of that community. Councils should not make decisions that needlessly impose avoidable costs on a new council.

In particular, councils and council officials should not make decisions during a merger proposal period for the following purposes:

- to prevent or disrupt the consideration of merger proposals by the Chief Executive of the Office of Local Government or his delegate, the Boundaries Commission or the Minister for Local Government other than through the legitimate exercise of legal rights of review or appeal
- to exercise their functions or use council resources to oppose or support a merger proposal for personal or political purposes (see below for more information on merger-related information campaigns)
- to seek to damage or impede the operational effectiveness of a new council including by (but not limited to):
  - making significant and/or ongoing financial commitments that will be binding on a new council
  - making other significant undertakings or commitments that will be binding on a new council
  - making decisions that are designed to limit the flexibility or discretion of a new council
  - deliberately and needlessly expending council resources to minimise the resources available to a new council on its commencement.

## **INTEGRATED PLANNING AND REPORTING**

During a merger proposal period, councils should continue to implement and operate in accordance with their adopted Community Strategic Plan, Delivery Program, Operational Plan and Resourcing Strategy.

Annual reporting requirements continue in accordance with the Act, and a report on the progress on implementation of the Community Strategic Plan should be presented at the final meeting of each of the outgoing councils.

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December 2015

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### ***Preparation of Operational Plans***

Should councils prepare Operational Plans during a merger proposal period, these should be prepared as a sub-plan of the council's adopted Delivery Program and should not depart from the council's adopted Delivery Program.

The Operational Plan should directly address the actions outlined in the council's adopted Delivery Program and identify projects, programs or activities that the council will undertake within the financial year towards addressing these actions.

The Operational Plan should include a detailed budget for the activities to be undertaken in that year.

## **FINANCIAL MANAGEMENT**

### ***Expenditure during merger proposal periods***

During a merger proposal period, councils should only expend monies in accordance with the detailed budget adopted for the purposes of implementing their Operational Plans for the relevant year.

There should be clear and compelling grounds for any expenditure outside of a council's adopted budget. Expenditure outside of the adopted budget should be approved by the council at a meeting that is open to the public.

The council's resolution approving the expenditure should disclose the reasons why the expenditure is required and warranted.

Should such expenditure be outside of a council's adopted budget and be of an amount equal to or greater than \$250,000 or 1% of the council's revenue from rates in the preceding financial year (whichever is the larger), then such a variation shall be advertised and public comments invited.

Councils the subject of merger proposals should not make decisions that will impose a significant and/or ongoing financial commitment on a new council.

### ***Entry into contracts and undertakings***

Councils the subject of merger proposals should not enter into a contract or undertaking involving the expenditure or receipt by the council of an amount equal to or greater than \$250,000 or 1% of the council's revenue from rates in the preceding financial year (whichever is the larger), unless:

- the contract or undertaking is being entered into as a result of a decision made or procurement process commenced prior to the start of the merger proposal period; or
- entry into the contract or undertaking is reasonably necessary for the purposes of:
  - meeting the council's ongoing service delivery commitments to its community; or



- to implement an action previously approved under a council's Delivery Program or the Operational Plan for the relevant year

## **WORKFORCE MANAGEMENT**

### ***Appointment and termination of employment of general managers and senior staff***

A council affected by a merger proposal should not during a merger proposal period appoint or reappoint a person as the council's general manager, other than:

- appointing a person to act as general manager under section 336(1) of the Act, or
- temporarily appointing a person as general manager under section 351(1) of the Act.

Councils affected by merger proposals should also avoid making appointments of senior staff other than temporary or "acting" appointments unless there are compelling operational reasons for doing so. Outside of these circumstances, where possible, councils should make temporary appointments to fill vacancies to senior staff positions during the merger proposal period.

There is no restriction on councils' ability to terminate the employment of general managers and other senior staff during a merger proposal period. However, in doing so, councils must comply with the standard contracts of employment for general managers and senior staff and the 'Guidelines for the Appointment & Oversight of General Manager' (July 2011).

### ***Organisation restructures***

Councils affected by merger proposals should not undertake organisation restructures unless there are compelling operational grounds for doing so.

### ***No forced redundancies of non-senior staff***

Councils affected by a merger proposal should not during a merger proposal period terminate the employment of non-senior staff on grounds of redundancy without their agreement (see section 354C).

### ***Determination of employment terms and conditions for council staff***

Determinations of the terms and conditions of employment of council staff members (including in an industrial agreement, in an employment contract or in an employment policy of the council) made during a merger proposal period will not be binding on a new council unless the determination has been approved by the Minister for Local Government (see section 354E).

The Minister's approval is not required for the following determinations:

- determinations authorised by an industrial instrument, or employment policy of the former council, made or approved before the merger proposal period
- determinations in, or authorised by, an award, enterprise agreement or other

industrial instrument made or approved by the Industrial Relations Commission or Fair Work Australia

- determinations that comprise the renewal of an employment contract (other than for the general manager) entered into before the proposal period.

As a general rule, the Minister will approve determinations unless he is satisfied that the determination arises from or is in anticipation of a merger proposal and would result in an unjustifiable increase or decrease in the obligations of the new council in relation to transferred staff members (see section 354E(3)).

## **REGULATORY FUNCTIONS**

Councils and council officials should exercise their regulatory functions strictly in accordance with statutory requirements and the requirements of the *Model Code of Conduct for Local Councils in NSW* and solely on the basis of relevant considerations.

Councils should not exercise their regulatory functions (including in relation to development applications or strategic land use planning) for the purposes of campaigning for or against a merger proposal.

Councils should not make decisions that would not otherwise withstand legal challenge on the basis that the new council and not the outgoing one would need to defend any such challenge.

## **MERGER-RELATED INFORMATION CAMPAIGNS**

Any public information campaigns conducted by councils with respect to merger proposals:

- should be conducted for the purposes of informing the local community about the merger proposal and should be proportionate to this purpose
- should not involve disproportionate or excessive expenditure or use of council resources
- should be conducted in an objective, accurate and honest manner and should not be deliberately misleading
- should not be used to endorse, support or promote councillors, individually or collectively, political parties, community groups or candidates or prospective candidates at any election, Local, State or Federal.

Merger-related information campaigns should be approved by councils at an open council meeting. Councils should also publicly approve a budget for the campaign at an open council meeting before incurring any expenditure on the campaign.

Any variations to the budget should also be publicly approved by the council at an open meeting.

Councils should account fully and publicly for the costs of merger-related information campaigns, including staff and contractor costs. This information should be accessible to the community on councils' websites.

## **ENFORCEMENT OF THESE GUIDELINES**

These Guidelines are issued under section 23A of Act. Councils are required to consider the Guidelines in exercising their functions. The Office of Local Government will be monitoring compliance with these Guidelines.

Failure to comply with the Guidelines may result in the Minister for Local Government issuing a performance improvement order under section 438A of the Act against a council to compel them to comply with the Guidelines or to correct any non-compliance.

The Chief Executive of the Office of Local Government may also surcharge a council official under section 435 the amount of any deficiency or loss incurred by the council as a consequence of the negligence or misconduct of the council official.