



# Agenda

## Council Meeting

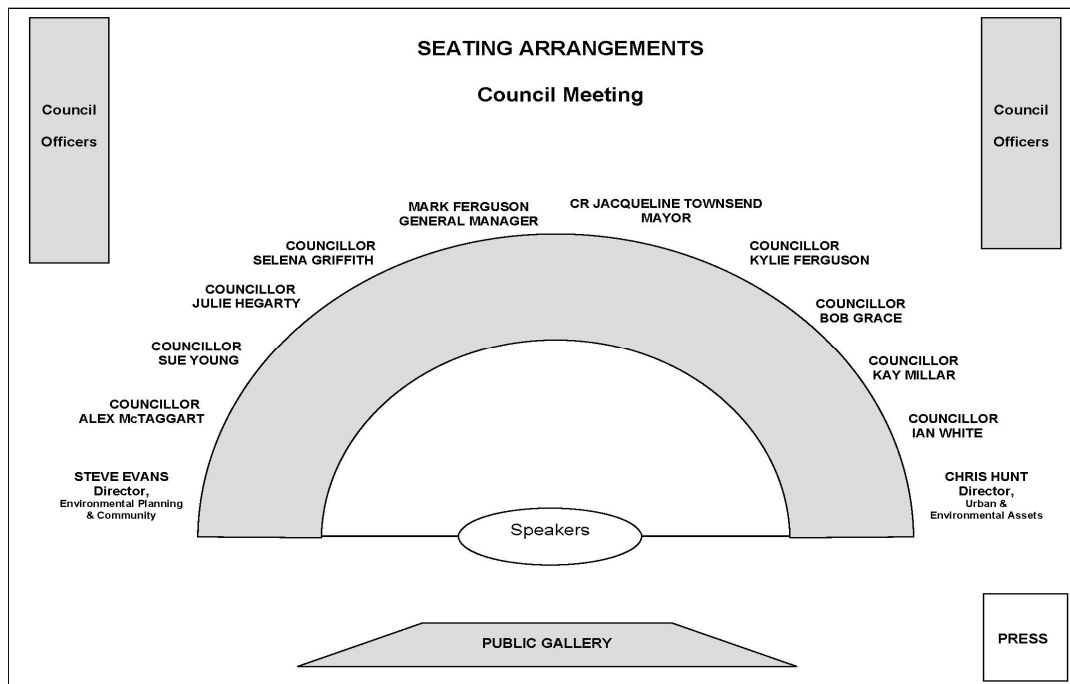
Notice is hereby given that a Council Meeting of Pittwater Council will be held at Mona Vale Memorial Hall on

**7 April 2015**

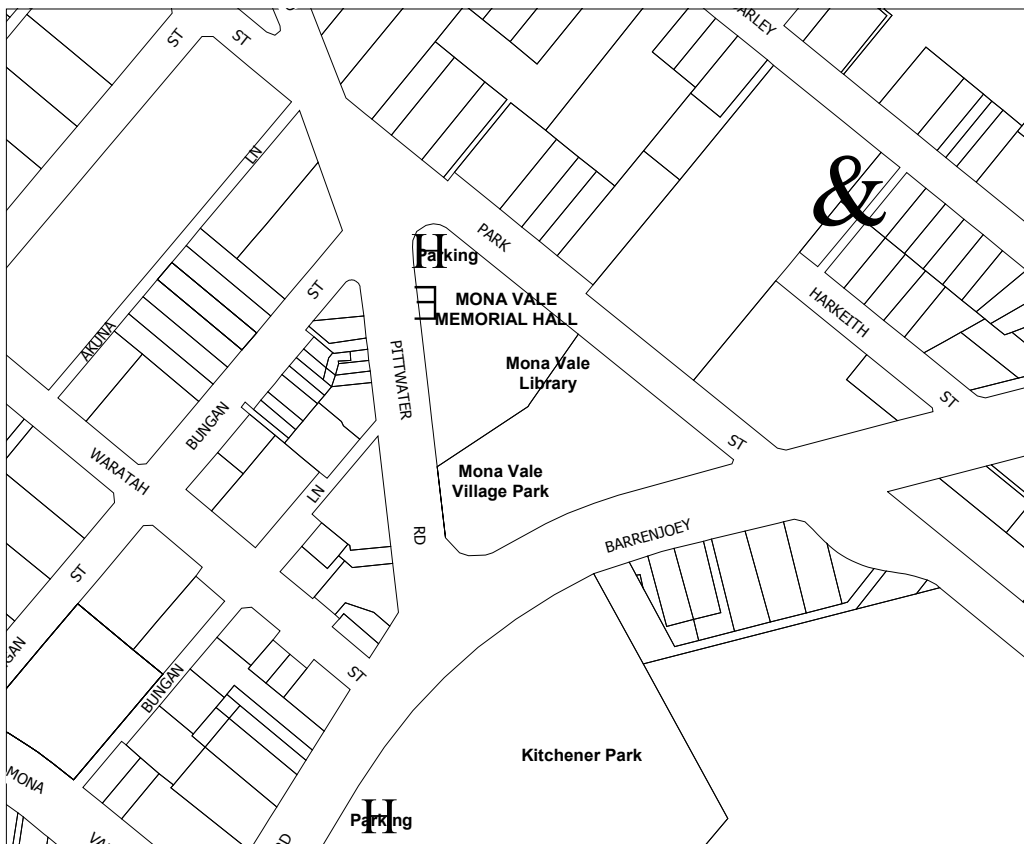
Commencing at 6.30pm for the purpose of considering the items included on the Agenda.

Mark Ferguson  
**GENERAL MANAGER**

## Seating Arrangements



## Meeting Location



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

---

## **Acknowledgement of Country**

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

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

## **Statement of Respect**

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

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

# Council Meeting

## TABLE OF CONTENTS

Item No	Item	Page No
<b>Council Meeting</b>		
<b>1.0</b>	<b>Apologies</b>	<b>6</b>
<b>2.0</b>	<b>Declarations of Pecuniary and Conflict of Interest including any Political Donations and Gifts</b>	<b>6</b>
<b>3.0</b>	<b>Confirmation of Minutes</b>	<b>7</b>
<b>4.0</b>	<b>Public Addresses</b>	<b>7</b>
<b>5.0</b>	<b>Councillor Questions with Notice</b>	<b>8</b>
<b>6.0</b>	<b>Mayoral Minutes</b>	<b>8</b>
<b>7.0</b>	<b>Business by Exception</b>	<b>8</b>
<b>8.0</b>	<b>Council Meeting Business</b>	<b>8</b>
C8.1	Notice of Motion - Community Consultation - Motion Submitted by Cr Grace	9
C8.2	Notice of Motion – Telephonic Consultation - Motion submitted by Cr Grace	10
C8.3	Notice of Motion – Public Exhibition - Motion Submitted by Cr Grace	11
C8.4	Notice of Motion - Pittwater Council - Fit For the Future - Motion Submitted by Cr Grace	12
C8.5	NSW Government's Fit For The Future Local Government Reforms	13
<b>Connecting Communities Committee</b>		
<b>9.0</b>	<b>Connecting Communities Committee Business</b>	<b>50</b>
C9.1	Use of Delegated Functions - 1 April 2014 to 31 March 2015	51
C9.2	Minutes of the Pittwater Traffic Committee Meeting held on 18 March 2015	55
<b>Natural Environment Committee</b>		
<b>10.0</b>	<b>Natural Environment Committee Business</b>	<b>67</b>
C10.1	Review of Pittwater 21 DCP (Amendment 16) Warriewood Valley Specific Controls	68

<b>Item No</b>	<b>Item</b>	<b>Page No</b>
C10.2	Minutes of the Ingleside Community Reference Group - 4 March 2015	77
C10.3	Minutes of the Avalon to Palm Beach Floodplain Risk Management Study & Plan Community Working Group held on 5 March 2015	171
<b>Council Meeting</b>		
<b>11.0</b>	<b>Adoption of Connecting Communities Committee Recommendations</b>	<b>205</b>
<b>12.0</b>	<b>Adoption of Natural Environment Committee Recommendations</b>	<b>205</b>

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

---

## Council Meeting

---

### 1.0 Apologies

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

---

### 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.

---

### 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 16 March 2015.

---

### 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.*

---

<b>5.0</b>	<b>Councillor Questions with Notice</b>
------------	---

Nil

---

<b>6.0</b>	<b>Mayoral Minutes</b>
------------	------------------------

Nil

---

<b>7.0</b>	<b>Business by Exception</b>
------------	------------------------------

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

---

<b>8.0</b>	<b>Council Meeting Business</b>
------------	---------------------------------

---



---

<b>C8.1</b>	<b>Notice of Motion - Community Consultation - Motion Submitted by Cr Grace</b>
-------------	---

**Meeting:** Council

**Date:** 7 April 2015

---

**NOTICE OF MOTION**

---

**BACKGROUND**

Nil

---

***Motion***

That, when community opinion or a public survey is carried out to ascertain community views, as a matter of Policy Council review inter-alia the contents, form, time and extent of any pamphlet or survey before it is distributed to the community for comment.

**Cr Grace**

---

<b>C8.2:</b>	<b>Notice of Motion - Telephonic Consultation - Motion submitted by Cr Grace</b>
--------------	--

**Meeting:** Council

**Date:** 7 April 2015

---

**NOTICE OF MOTION**

---

**BACKGROUND**

Nil

---

***Motion***

That in any telephonic consultation Council as a matter of policy review inter-alia the company or person conducting the consultation, the wording of the questions, the number of questions, the content within the questions, the cost of the consultation, the duration and the extent of the consultation.

**Cr Grace**

---

<b>C8.3:</b>	<b>Notice of Motion - Public Exhibition - Motion submitted by Cr Grace</b>
--------------	--

---

**Meeting:** Council

**Date:** 7 April 2015

---

**NOTICE OF MOTION**

---

**BACKGROUND**

Nil

---

***Motion***

1. That as a matter of policy Council review all documents going on Public Exhibition except those required to do so by any relevant Act.
2. That such review include inter-alia length, content and extent of coverage.

**Cr Grace**

---

<b>C8.4</b>	<b>Notice of Motion - Pittwater Council - Fit For the Future - Motion Submitted by Cr Grace</b>
-------------	---

**Meeting:** Council

**Date:** 7 April 2015

---

**NOTICE OF MOTION**

---

**BACKGROUND**

Nil

---

***Motion***

That Council confirms that Pittwater Council is completely sustainable and fit for the future in its current form and structure in relation to the current criteria set out in the local government reform proposal – Fit For the Future.

**Cr Grace**

---

<b>C8.5</b>	<b>NSW Government's Fit For The Future Local Government Reforms</b>
-------------	---

---

**Meeting:** Council

**Date:** 7 April 2015

---

**COMMUNITY STRATEGIC PLAN STRATEGY:** Corporate Management

**COMMUNITY STRATEGIC PLAN OBJECTIVE:** To ensure local democratic representation.

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

---

## **1.0 EXECUTIVE SUMMARY**

### **1.1 SUMMARY**

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

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

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

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

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

---

## **2.0 RECOMMENDATION**

### **1. That Council confirms its previous resolution of 13 October, 2014 that:-**

- “(a) Council is opposed to any proposed merger of Manly, Warringah and Pittwater into one Council.**
- (b) Council remains committed to a strong independent Pittwater Council providing local representation and delivery of local services to the people of Pittwater.**

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

### 3.0 BACKGROUND

#### 3.1 PURPOSE OF THIS REPORT

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

##### 3.1.1 Independent Local Government Review Panel (ILGR Panel)

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

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

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

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

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

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

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

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

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

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

### 3.1.3 Fit for the Future (FFTF) Reform

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

In brief the NSW State Government is asking Councils to:

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

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

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

**Template 3:** Rural Council Proposal.

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

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

### 3.1.4 Pittwater Council's Historical Position

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

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

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



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

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

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

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

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

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

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

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

### **3.2 POLICY IMPLICATIONS**

Nil.

### **3.3 RELATED LEGISLATION**

NSW Local Government Act 1993.

## 3.4 FINANCIAL ISSUES

### 3.4.1 Financial Results

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

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

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

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

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

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

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

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

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

## **4.0 KEY ISSUES**

### **4.1 Informing the Community Regarding Fit for the Future**

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

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

### **4.2 Discussions with Councils in our Region**

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

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

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

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

### **4.3 Engagement of KPMG**

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

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

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

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

The scope of the engagement was as follows:-

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

#### 4.4 Options Development and Analysis Undertaken by KPMG

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

- community and governance, specifically, a view around local representation and the capacity to meet the current and future service and infrastructure needs of the community;
- geography and environment, specifically, the management of environmental assets and catchment areas, natural geographic boundaries and urban characteristics;
- demographic profiles, specifically, detailed statistical analysis of the socio-economic characteristics of each of the Northern Beaches Councils; and

- Council services, specifically, a high level service and organisational review of the impact of each potential reform option on service delivery and quality.

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

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

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

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

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

#### 4.5 Options for Community Consideration

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

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

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

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

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

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

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

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

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

#### 4.6 KPMG Summary Findings for the Two Options

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

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

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

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

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

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

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

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

#### 4.7 **Summary Analysis of the Two Options**

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

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

<b>Summary of the KPMG Analysis for the Two Options</b>		
	<b>Option 1 No Merger (Pittwater Status Quo)</b>	<b>Option 2 Greater Pittwater/ Greater Manly</b>
State Government FFF Seven Criteria 2019/2020	Meets	Meets
Net Financial Benefit Over 10 Years (NPV)	Nil	\$3,246,000
Impact on Communities of Interest	Unchanged	Slight Impact
Population - 2013	62,070	129,000
Population - 2031	82,000	164,400

Summary of the KPMG Analysis for the Two Options		
	Option 1 No Merger (Pittwater Status Quo)	Option 2 Greater Pittwater/ Greater Manly
Councillor Representation	Unchanged	Reduced
Improved Environmental Management	Unchanged	Improved
Improved Strategic Capacity	Unchanged	Improved

#### 4.8 Proposed Community Engagement Regarding Options

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

The underpinning objectives for engagement:-

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

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

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



## 4.9 Way Forward

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

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

---

## 5.0 ATTACHMENTS / TABLED DOCUMENTS

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

---

## 6.0 SUSTAINABILITY ASSESSMENT

### 6.1 GOVERNANCE & RISK

#### 6.1.1 Community Engagement

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

#### 6.1.2 Risk Management

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

- Councils that remain “Status Quo” and small in scale may no longer have as much political power as a smaller entity in a State where larger and more potentially influential Councils on a State and Federal Level will prevail, or
- Proposed New Reform Options will be subject to implementation challenges within themselves bringing a significant level of risk to ensure economic, social and political promises will be delivered.
- To date, evidence has suggested that any Local Government reform is challenging and holds inherent risks on an economic, social and political level. At this stage of the reform process it is difficult to quantify such levels of risk but should be acknowledged in the reform process moving forward.

## 6.2 ENVIRONMENT

### 6.2.1 Environmental Impact

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

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

## 6.3 SOCIAL

### 6.3.1 Community Needs and Aspirations

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

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

## 6.4 ECONOMIC

### 6.4.1 Economic Development

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

Report prepared by

Mark Ferguson  
**GENERAL MANAGER**