

# AGENDA

## WARRINGAH COUNCIL MEETING

Notice is hereby given that an Extraordinary Meeting of Council will be held at the Civic Centre, Dee Why on

**TUESDAY 9 APRIL 2013**

Beginning at 6:00pm for the purpose of considering and determining matters included in this agenda.



Rik Hart  
General Manager

(2013/4)



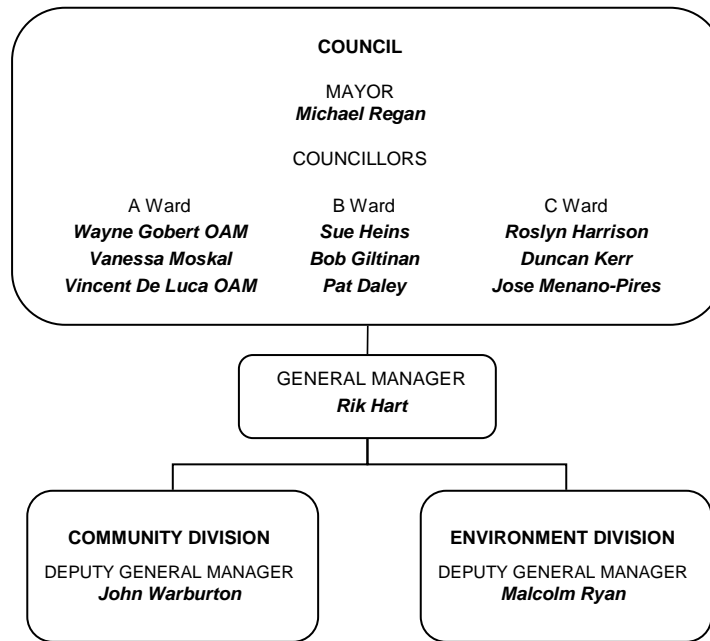
Warringah Council



Warringah Council

# Warringah Council Organisational Structure

warringah.nsw.gov.au



Warringah Council

## Our Vision : Our Values

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### Our Vision:

A vibrant community, improving our quality of life by living and working in balance with our special bush and beach environment

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### Our Values:

Respect  
Integrity  
Teamwork  
Excellence  
Responsibility

**Agenda for an Extraordinary Meeting of Council  
to be held on Tuesday 9 April 2013  
at the Civic Centre, Dee Why  
Commencing at 6:00pm**

**ACKNOWLEDGEMENT OF COUNTRY**

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<b>3.0</b>	<b>PUBLIC FORUM</b>	
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<b>ITEM 5.1</b>	<b>FINANCIAL PLANNING &amp; SUSTAINABILITY POLICY</b>
<b>REPORTING MANAGER</b>	<b>GENERAL MANAGER</b>
<b>TRIM FILE REF</b>	<b>2013/035763</b>
<b>ATTACHMENTS</b>	<b>1 Financial Planning and Sustainability Policy</b> <b>2 Financial Planning Policy</b>

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## **EXECUTIVE SUMMARY**

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### **PURPOSE**

To consider the draft Financial Planning and Sustainability Policy and to place the document on public exhibition for a period of 28 days.

### **SUMMARY**

At its meeting on 11 December 2012 as part of Item 13.3 Dee Why Town Centre Masterplan Progress Report December 2012 it was resolved that "Staff prepare a report and a draft policy which details appropriate measures to ensure financial sustainability and best practice financial planning principles to support Council funding options for infrastructure projects such as borrowings".

Council's current Financial Planning Policy (FIN-PL100) (Attachment 1) is due for review and its stated purpose is to provide a strategic framework for prudent management of Council's finances that facilitates public scrutiny of performance and representing leading financial planning practice.

This draft policy provides a comprehensive basis to ensure financial sustainability and best practice financial planning principles to support Council funding options for infrastructure projects such as borrowings.

### **FINANCIAL IMPACT**

There are no direct financial impacts.

### **POLICY IMPACT**

This Policy updates Council's current Financial Planning Policy (FIN-PL100).

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## **RECOMMENDATION OF GENERAL MANAGER**

That

- A. The draft Financial Planning and Sustainability Policy be placed on public exhibition for a period of 28 days.
  - B. Following the exhibition period, the Financial Planning and Sustainability Policy and any public submissions be referred back to Council for consideration.
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**REPORT**

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**BACKGROUND**

At its meeting on 11 December 2012 as part of Item 13.3 Dee Why Town Centre Masterplan Progress Report December 2012 it was resolved that "Staff prepare a report and a draft policy which details appropriate measures to ensure financial sustainability and best practice financial planning principles to support Council funding options for infrastructure projects such as borrowings".

Council's current Financial Planning Policy FIN-PL100 is due for review and its stated purpose is to provide a strategic framework for prudent management of Council's finances that facilitates public scrutiny of performance and representing leading financial planning practice.

This draft policy provides a comprehensive basis to ensure financial sustainability and best practice financial planning principles to support Council funding options for infrastructure projects such as borrowings.

**Sustainability*****What is financial sustainability?***

A key initial task which has faced many of the local government inquiries has been to define "financial sustainability". In the Report prepared by the Financial Sustainability Review Board in August 2005, "Rising to the Challenge: Towards Financially Sustainable Local Government in South Australia" it was stated that "a council's finances can be judged to be sustainable in the long term only if they are strong enough - currently and in the foreseeable future - to allow the council to manage financial risks and shocks over the long-term financial planning period without having to introduce substantial or disruptive revenue (or expenditure) adjustments during that period." This definition, which was developed by Access Economics, was also used in the May 2006 Report "Independent Inquiry into the Financial Sustainability of NSW Local Government, Are Councils Sustainable?" commissioned by the Local Government and Shires Associations of NSW, for whom Access also completed a financial assessment of local government in NSW.

In the November 2006 National Financial Sustainability Study of Local Government prepared by PricewaterhouseCoopers for the Australian Local Government Association it provided a simplified definition which stated that "the financial sustainability of a council is determined by its ability to manage expected financial requirements and financial risks and shocks over the long term without the use of disruptive revenue or expenditure measures which is determined by:

- Healthy finances in the current period and long term outlook based on continuation of the council's present spending and funding policies and given likely economic and demographic developments, and
- Ensuring infrastructure renewals/replacement expenditure matches forward looking asset management plan expenditure needs".

The Local Government and Planning Ministers' Council "Criteria for Assessing Financial Sustainability" states that a Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards as prioritised through community engagement and consultation are met without unplanned increases in rates and charges or disruptive cuts to services.

***Why is Financial Sustainability Important?***

The sustainability of a Council's long-term financial performance and position is essential for ratepayers, as it:

- Ensures a reasonable degree of stability and predictability in the overall rate burden
- Promotes a fair sharing in the distribution of Council resources and the taxation required from current and future ratepayers ('intergenerational equity')
- Ensures continuation of delivery of essential community services and the efficient operation of infrastructure.

Financial sustainability is also about financial performance and surety for ratepayers. The sustainability of a council's long-term financial performance and position translates to a degree of stability and predictability in the overall rate burden and allows for an equitable distribution of council resources between current and future ratepayers. Sustainable financial performance and position is also essential to the community in terms of the continuation of delivery of essential community services and the efficient operation of infrastructure.

### ***Financial Sustainability – Policy Definition***

Council has therefore adopted the following simple definition of financial sustainability for the purpose of the policy. Council is financially sustainable if its financial position, financial performance and its ability to manage the efficient operation infrastructure is maintained over the long term and it is able to manage likely developments and unexpected financial changes in future periods without unplanned increases in rates and charges or disruptive cuts to services providing a degree of stability and predictability in the overall rate burden allowing for an equitable distribution of council resources between current and future ratepayers.

### ***Financial Planning & Monitoring***

Financial planning is integral part of the strategic management planning activities of Council. It involves the development of long-term financial plans that are consistent with the resource allocation objectives and the timeframes set out in the Community Strategic Plan.

### ***Context***

The importance and rationale of planning for a sustainable future is documented in the Division of Local Government's Planning and Reporting Manual for local government in NSW and in terms of financial planning provides the following guidance

**Resourcing Strategy** - Under s403 of the Local Government Act 1993 (the Act) Council must have a long term strategy called its resourcing strategy for the provision of resources required to implement the strategies established by the community strategic plan (CSP).

The resourcing strategy is to include the long term financial planning, workforce planning and asset management planning.

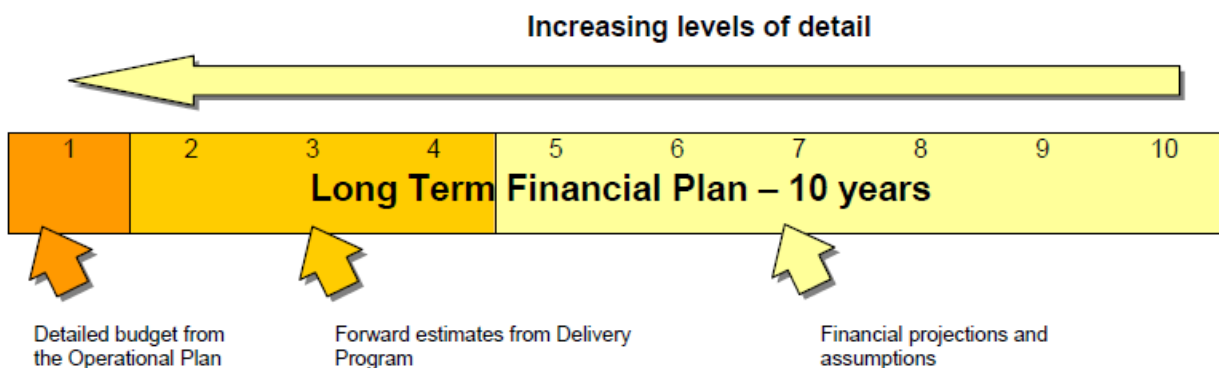
**Delivery Program** - Council must have a program detailing the principal activities to be undertaken to implement the strategies established by the CSP within the resources available under the resourcing strategy.

Council must establish a new delivery program after each ordinary election of councillors to cover the principal activities for the 4 year period commencing on 1 July following the election.

**Operational Plan** - Council must have an operational plan that is adopted before the beginning of each financial year that details the activities to be engaged in during the financial year as part of the delivery program covering that year.

**Long Term Financial Plan** - The following essential elements of long term financial planning are detailed in the Planning and Reporting Guidelines issued by the Division of Local Government in January 2010:

- Each council must prepare a Long Term Financial Plan.
- The Long Term Financial Plan must be used to inform decision making during the finalisation of the Community Strategic Plan and the development of the Delivery Program.
- The Long Term Financial Plan must be for a minimum of 10 years.
- The Long Term Financial Plan must be updated at least annually as part of the development of the Operational Plan.
- The Long Term Financial Plan must be reviewed in detail as part of the four yearly review of the Community Strategic Plan.
- The Long Term Financial Plan must include:
  - Projected income and expenditure, balance sheet and cash flow statement
  - Planning assumptions used to develop the Plan
  - Sensitivity analysis - highlights factors/assumptions most likely to affect the Plan
  - Financial modelling for different scenarios e.g. planned/optimistic/conservative
  - Methods of monitoring financial performance.



- The Long Term Financial Planning process is built on four foundations:
    - Planning assumptions
    - Revenue forecasts
    - Expenditure forecasts
    - Sensitivity analysis.
    - **Planning assumptions** - Many of the planning assumptions will come from the Community Strategic Planning process, others will be derived from general financial planning practices. Assumptions from the Community Strategic Plan might include:
      - Population forecasts
      - Anticipated levels of local economic growth
      - Major planned expenditure, such as capital works
- Other assumptions that should be included in the financial planning process include

- Federal, State and regional economic forecasts
- Inflation forecasts
- Interest rate movements.
- o **Revenue Forecasts** - In considering the likely revenue that will be available to meet the community's long-term objectives, the Long Term Financial Planning process needs to consider:
  - Capacity for rating - This is a major component of any council's revenue base. The planning process should include an assessment of the community's capacity and willingness to pay rates and whether there is the potential for changes in that capacity. In making that judgement, Council might review information relating to:
    - ◆ Separate or specific rates and charges
    - ◆ The potential to reduce the reliance on rates through increased revenues
    - ◆ from other sources eg fees and charges
    - ◆ Potential growth/decline in rating revenues from changing demographic and industry makeup
    - ◆ Possible need to increase reliance on rating due to reduction of revenues from other sources eg a decline in grants or subsidies
    - ◆ Projected impact of the rate peg
    - ◆ Opportunities for a special variation to general income
    - ◆ Council's current rating policy and likely changes to that policy in the future.
  - **Fees and charges** - Many of the services provided by councils are offered on a 'user pays' basis. In preparing the Long Term Financial Plan, Council should consider possible future income from fees and charges, including opportunities to reduce reliance on other forms of income. It should also consider community members' future capacity and willingness to pay fees and charges and issues that may impact on that capacity.
  - **Grants and subsidies** - Councils receive general purpose Financial Assistance Grants from the Commonwealth Government and may also receive other grants and subsidies through specific programs. In preparing the Long Term Financial Plan, Council should consider the potential effects of these grants and subsidies being reduced and whether Council has the capacity to replace the revenue stream, or the ability to provide the same level of services without this source of funding.
  - **Borrowings** - Most councils finance some of their capital expenditure through borrowings. Generally these are for expenditures on major infrastructure projects. Borrowing the funds allows the cost of these projects to be spread over a number of years in order to facilitate inter-generational equity for these long-lived assets. Borrowings can also be used to smooth out long-term expenditure peaks and troughs. Preparing the Long Term Financial Plan will help Council to identify these peaks and troughs more readily and plan strategies to address them.
  - **Cash reserves** - An alternative to borrowing for expenditure peaks and troughs is to build up cash reserves in years when expenditure is lower, for use in years when higher expenditure will occur. The problem with cash reserves is that they

can often be diverted to uses other than those originally intended, leaving Council short of funds for its other planned expenditures. Cash reserves need to be carefully managed to achieve optimum investment incomes and to be available when needed for planned expenditures.

- o **Expenditure forecasts** - The Community Strategic Plan will give Council a good idea of the amount of money required to meet the community's expectations for the future. This should be considered along with the information Council already has about its ongoing operational costs.

Balancing expectations, uncertainty of future revenue and expenditure forecasts will be one of the most challenging aspects of the financial planning process. Council should review the expenditure forecast several times as the Community Strategic Plan and Asset Management Strategy and Plan/s are finalised and more details are refined in the Delivery Program and Operational Plans.

There will be a point where Council goes back to the community to discuss the draft Community Strategic Plan and its financial implications. Are the objectives of the Community Strategic Plan achievable? How much is the community willing to pay to achieve these objectives? Are there other sources of revenue? What are the priorities?

In developing expenditure forecasts, it is important to consider not only the new expenditure items that are proposed in the draft Community Strategic Plan, but also Council's ongoing commitments. Relevant sources of information on ongoing commitments might include the draft asset management strategy, previous management plans and repayment schedules for long-term borrowings. However, it shouldn't be assumed that expenditure patterns will continue exactly as they have in the past. The Community Strategic Planning process encourages decisions about future priorities and levels of service, so it may be that some existing services are no longer provided, or that new services are provided, or that different service standards will apply.

When considering new expenditure items, it is important to look at complete costings for capital and recurrent expenditures. Some commitments may extend beyond the life of the Long Term Financial Plan. For example, a masonry building that has a useful life of between 50-100 years will incur operational and maintenance costs beyond the life of the 10-year Long Term Financial Plan. The building will also require replacement at the end of its useful life and the anticipated cost of replacement will need to be considered when developing future Long Term Financial Plans. Another example would be a bid for a specialist staff member (e.g. an Economic Development Officer or Road Safety Officer) which will require not only salary costs, but also salary on-costs, travel, training, support service, office space and other costs.

It is also important to ensure appropriate phasing of costs across the Long Term Financial Plan. For example, with capital projects which are to be completed during the Long Term Financial Plan, the cost should reflect when specific expenditure for planning, construction, implementation and maintenance is expected to occur.

The format for the projected income and expenditure, balance sheet and cash flow statement must be in accordance with the current Code of Accounting Practice.

- o **Sensitivity analysis** - Long term financial plans are inherently uncertain. They contain a wide range of assumptions, including assumptions about interest rates and the potential effect of inflation on revenues and expenditures. Some of these assumptions will have a relatively limited impact if they are wrong. Others can have a major impact on future financial plans.



It is important that:

- All the assumptions in the Long Term Financial Plan are documented. This should be contained in a Planning Assumptions Statement that accompanies the Plan
  - Those matters which will have moderate to significant impacts are identified
  - The Plan is tested by varying the parameters of moderate to significant assumptions (eg changing interest and inflation rates, changing the population growth rate, reducing or eliminating grants and subsidies, increasing taxation rates)
- o **Risk assessment** - Once the Long Term Financial Plan begins to take shape, it is important to continue testing the assumptions through a risk assessment process.

This should consider questions such as:

- How accurate are the projected estimates of expenditure?
  - How certain is the revenue stream?
  - What could impact on the expenditures?
  - What could impact on the revenues?
  - What other risks are associated with key projects eg loss of key staff, loss of subsidy?
  - How reliable are investment options?
  - Are ratepayers' funds at risk?
  - What are the potential liabilities for Council - legal and financial- if key projects fail?
- o **Financial modelling** - The development process for the Long Term Financial Plan should include financial modelling of different scenarios eg planned/optimistic/conservative.

This will provide Council with an idea of how much flexibility is in the Plan and how much latitude it has with various projects and scenarios.

These models will be important when discussing the financial implications of the Community Strategic Plan with residents and will also assist councillors in developing suitable actions for the Delivery Program.

- o **Performance monitoring** - An intrinsic part of building the Long Term Financial Plan is deciding how Council will monitor its performance against the Plan. The statement of performance measures should be in accordance with Note 13 - Statement of Performance Measures of the current Accounting Code.

Council should review the LTFP each year as part of the development of the Operational Plan. This review should include an assessment of the previous year's performance in terms of the accuracy of the projections made in the LTFP compared to the actual results. Were the estimates accurate? Were the assumptions underpinning the estimates appropriate? The assumptions may need to be adjusted to improve the accuracy of the LTFP over the longer term. Major differences between budget and actual figures should be documented with an explanation.

Council should not only monitor its performance against the LTFP and the annual budget, but also develop measures to assess its long-term financial sustainability. This

might include reference to standard indicators such as debt service ratio, unrestricted current ratio, net current assets, and capital expenditure ratio. It might also include comparison of Council's proposed renewals expenditure over the next four years with the required renewals expenditure in its asset management plan.

Surplus Before Capital Grants and Contributions - A Council's annual operating financial performance is sustainable if operating deficits will be avoided over the medium to long term, because such deficits inevitably involve services consumed by current ratepayers being paid for either by:

- Borrowing and so by future ratepayers
- Deferring funding responsibility for the renewal or replacement of existing assets onto future ratepayers.

A Council's operating surplus can be too high where it is:

- Associated with current ratepayers being asked to bear an inequitable proportion of the cost of the Council's future service potential
- Above a level that includes more than enough room to absorb unexpected financial risks or financial outlays.

A Council's annual capital financial performance is sustainable if capital expenditure on the renewal or replacement of existing assets on average approximates the level of the Council's annual depreciation expense, because any shortfall of such capital expenditure against annual depreciation expense would involve future ratepayers being left with an excessive burden when it comes to replacing or renewing the Council's non-financial assets.

The operating surplus measure is regarded as a key analytical balance in relation to a Council's annual operating financial performance. The operating surplus / (deficit) distinguishes between current and capital spending, and between the financing of current spending through own-source revenue and the financing of capital spending through debt.

As a general principle, operating expenses plus a fair measure of annual depreciation represent the total spending in the current period. Capital spending results in benefits derived beyond the current period by future ratepayers. When there is an operating surplus, rates revenue is more than sufficient to finance current operations. When there is an operating deficit, rates and other own-source revenue is insufficient to finance current operations.

An operating deficit indicates that a portion of costs incurred in that year is being transferred to future ratepayers and so is not being met by current ratepayers.

An operating surplus arises when operating revenue exceeds (or is less than) operating expenses for a period (usually a year). Just like any household or other organisation, a Council's long-term financial sustainability is dependant upon ensuring that, on average over time, its expenses are less than associated revenues. In essence this requires current day citizens to fully meet the cost of services provided for them by their Council.

If a Council is not generating an operating surplus in most periods, then it is unlikely to be operating sustainably. It means that the cost of services provided to the community exceeds revenue generated. The change of an operating deficit into a operating surplus can occur only by ensuring in future that revenues are increased and/or that expenses are reduced (at least relative to revenue increases, either by reducing service levels or improving productivity).



If a Council was operating with a significant deficit over several years and its strategic management and long-term financial plans did not provide clear proposals for this to be turned around then it would be inevitable that the Council would face major financial shocks in future. The Council effectively would be in the same position as an individual or family living beyond their means. Sooner or later they would be caught by the consequences. For a Council the problem would likely come to a head when existing major assets failed. The Council would then need to choose between large rate rises or not replacing assets thereby effectively lowering its standards of service to its community.

### ***Financial Strategies***

The Long Term Financial Plan is the key financial planning document of Council and its preparation is to be governed by the following key financial strategies:

- The maintenance of a fair and equitable rating structure
- Achieving where appropriate full cost recovery for the provision of services and meeting competitive neutrality requirements through appropriate fees and charges
- Maintaining and improving service level standards
- Maintaining an operating surplus from continuing operations before grants and contributions provided for capital purposes
- Achieve operating surpluses from continuing operations before grants and contributions provided for capital purposes which can be utilised for the provision of new assets for which insufficient s94A or grant funding is available
- The maintenance of a sound financial position reflected in Council's performance ratios
- Fully utilising depreciation for the renewal of assets and providing the appropriate level of funding for their scheduled and reactive maintenance
- Continually monitoring asset conditions to minimise the likelihood of infrastructure backlogs
- Reviewing the utilisation and appropriateness of infrastructure assets and where appropriate undertaking asset rationalisation
- Maintaining an appropriate level of borrowings which reflects inter-generational equity in funding service levels without being reliant on debt
- Only utilising borrowings where appropriate by ensuring the maintenance of services is not reliant on debt

### **Capital Expenditure**

The Division of Local Government is currently administering the NSW Local Infrastructure Renewal Scheme. Through this the Government is providing a total of \$100 million over six years for the implementation of the overall local infrastructure backlog policy, of which the Local Infrastructure Renewal Scheme (LIRS) is one component. Investment in infrastructure has the capacity to stimulate and enhance the productivity of the economy in both the short and long term. It is an investment that has a multiplier effect throughout the economy, generating lasting economic, social and environmental benefits.

Traditionally, the focus on infrastructure asset management was the provision of new assets such as roads, water and sewerage networks, airports and the like. However it is becoming more and more apparent, that it is no longer sustainable to focus on meeting infrastructure needs through investment in the creation of new assets alone, without recognising the long-term lifecycle costs

associated with the ongoing operation, maintenance and renewal of existing assets. Many councils are struggling to keep up with maintenance and renewal of their assets to a level that is satisfactory to their community.

In recognising this increasing backlog in infrastructure renewal needs, the NSW Government has responded by committing significant funding to help councils meet the cost of borrowing to fund the required works. The Local Infrastructure Renewal Scheme (LIRS) provides councils with a subsidy in interest costs to make it affordable to take out major bank loans to fund their projects. This investment in debt funding has been proven to be far less expensive than paying for the long-term recurring maintenance requirements of deteriorating assets.

Accordingly, in the management of existing assets Council will fully utilise depreciation for the renewal of those assets and provide the appropriate level of funding for their scheduled and reactive maintenance

In acquiring new assets, the following factors should be considered:

- Council's current and future Operating Surpluses, s94A contributions and Grants.
- Any additional depreciation and maintenance costs.
- Any relevant interest cost and the impact on the Operating Surpluses.
- The requirement to increase Council rates to fund acquisition and ongoing costs.
- The age, life expectancy, suitability and service potential of any asset to be replaced.
- Discounted cash flow analysis, where appropriate.
- Reviewing on a regular basis Council assets to identify those assets which may no longer be required (e.g. parcels of undeveloped land) and may be sold to raise funds for more desirable community facilities. Asset sales will not be used to fund operations.

**Annual depreciation expense** - a Council's operating surplus is dependent on whether the annual depreciation charge is measured appropriately. Councils have discretion in choosing the depreciation method appropriate to the nature of their assets and their expected use of assets taking into account the expected physical wear and tear of the asset, its obsolescence and legal or other limits on the use of the asset.

Depreciation expense measures the consumption of service potential or future economic benefits of non-financial assets with limited useful lives. The recognition of depreciation is essential both:

- To represent the proper cost of operations and the extent to which that cost has been recovered from the current ratepayers through operating revenue
- To ensure that the service potential or future economic benefits of depreciable assets is not overstated.

As many of the activities of Councils are capital intensive, there needs to be significant investment in the non-financial assets that comprise the infrastructure necessary to support local Council services, particularly in relation to the roads network. The depreciation charge is therefore a major expense item for Council.

### ***Review of Assets***

Existing assets will be reviewed to ascertain whether they are providing a required benefit to the general community. If the assets are not providing a general community benefit then Council will seek community support to use the value in the assets to fund capital or refurbishment expenditure and thus maintain community wealth. The proceeds from sale of assets will be held as Working

Capital, new capital assets will only be funded from Working Capital or increasing the level of Council's borrowings with community approval. This approach has the potential to reduce the need for rate funds for this purpose.

**Funded Asset and Service Provision Costs** - In the Annual Budget and Long Term Financial Plan, the full cost of providing services to the Community will be included. Council will provide for the maintenance, replacement and upgrade of existing assets.

Existing assets will be maintained to a level that ensures their economic life is maximised. Council will continue to provide for maintenance and/or replacement of needed assets (e.g. roads and footpaths) to ensure they can continue to provide community benefit.

Council supports the principle that existing infrastructure will be maintained to a reasonable and serviceable level as a priority over building or acquiring additional infrastructure. Building or acquiring additional infrastructure commits Council to increase maintenance responsibilities, which may be funded by either additional Council rate increases or decreased service maintenance levels.

### **Borrowings**

Council recognises that loan borrowings for capital works are an important funding source for Local Government and that the full cost of infrastructure should not be borne entirely by present-day ratepayers, but be contributed to by future ratepayers who will also benefit.

Council will:

- Restrict all borrowings to expenditure on identified capital projects that are considered by Council to be of the highest priority, and which are unable to be funded from revenue.
- Ensure that all borrowings (both internal and external) are in accordance with legislative requirements.
- Not borrow money to fund operating expenditure as this type of expenditure should be funded through operating revenue streams.
- Minimise the cost of borrowings.
- Ensure the total amount of loan borrowings is sustainable in terms of ability to meet future repayments and budgetary obligations.
- The term of any loan will not exceed the expected economic life of the asset being funded.
- Achieve a financial indicator of less than 10% for the Debt Service Ratio, which is a key performance indicator of the Division of Local Government.

### **CONSULTATION**

That Council endorse the draft policy to go on public exhibition for a period of 28 days.

### **POLICY IMPACT**

This Policy updates Council's current Financial Planning Policy (FIN-PL100).

### **FINANCIAL IMPACT**

Nil



## **Warringah Council Policy**

### **Policy No. Number**

### **Financial Planning & Sustainability Policy**

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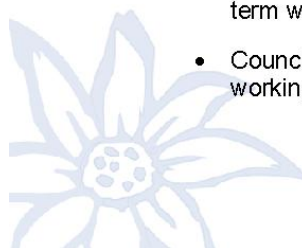
#### **1 Purpose of Policy**

The purpose of this policy is to establish the strategic financial planning and sustainability framework to guide Council when developing the Annual Budget, Long Term Financial Plans and when making decisions including the consideration of funding options for infrastructure projects such as borrowings which impact on the both the present and future financial position of Council.

#### **2 Principles**

The development of the annual budget, long term financial plan and decisions which impact on the financial position of Council will be based on the following:

- Council will maintain its existing service levels to residents.
- Any changes to future service levels will be determined in consultation with the community.
- Budgets will aim to maintain assets to at least the same condition as they were at the start of each financial year.
- Management will continually look for ways to structurally realign resources and/or increase income opportunities without changes to service standards.
- Consideration of the financial effects of Council decisions on future generations. The Council shall strive to achieve equity between generations of ratepayers (intergenerational equity) whereby the mechanisms to fund specific capital expenditure and operations take into account the ratepayers who benefit from the expenditure and therefore on a user pay basis who should pay for the costs associated with such expenditure.
- Asset management plans must be linked to the Long Term Financial Plan.
- Future lifecycle costs will be reported and considered in all decisions relating to new services, upgrading of existing services, asset renewal and new capital works.
- Council must achieve a fully funded operating position reflecting that Council collects enough revenue to fund operational expenditure, the repayment of debt and depreciation.
- Council must have a fully funded capital program, where the source of funding is identified and secured for both capital renewal and new capital works.
- Funding for capital and infrastructure projects will be by a combination of revenue sources including operating surpluses, rates and service charges, working capital, asset sales, borrowings and other asset financing arrangements.
- Council must maintain sufficient cash and investments to ensure that it can meet its short-term working capital requirements
- Council must maintain its asset base, by renewing ageing infrastructure and by ensuring working capital is set aside for those works.





Policy No. Number

### **3 Financial Sustainability**

Council is financially sustainable if its financial position, financial performance and its ability to manage the efficient operation of infrastructure is maintained over the long term and it is able to manage likely developments and unexpected financial changes in future periods without unplanned increases in rates and charges or disruptive cuts to services providing a degree of stability and predictability in the overall rate burden allowing for an equitable distribution of council resources between current and future ratepayers.

In more simplified terms for this policy financially sustainable is where planned service and infrastructure levels and standards are maintained without unplanned increases in Rates & Annual Charges or Fees & Charges or there is a need to cut services.

### **4 Financial Planning and Monitoring**

Financial planning is integral part of the strategic management planning activities of Council. It involves the development of long-term financial plans that are consistent with the resource allocation objectives and the timeframes set out in the Community Strategic Plan.

The Long Term Financial Plan is the key financial planning document of Council and its preparation is to be governed by the following key financial strategies:

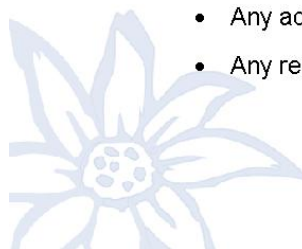
- The maintenance of a fair and equitable rating structure
- Achieving where appropriate full cost recovery for the provision of services and meeting competitive neutrality requirements through appropriate fees and charges
- Achieve operating surpluses from continuing operations before grants and contributions provided for capital purposes which can be utilised for the provision of new assets for which insufficient s94A or grant funding is available
- Fully utilising depreciation for the renewal of assets and providing the appropriate level of funding for their scheduled and reactive maintenance
- Continually monitoring asset conditions to minimise the likelihood of infrastructure backlogs
- Reviewing the utilisation and appropriateness of infrastructure assets and where appropriate undertaking asset rationalisation
- Maintaining an appropriate level of borrowings which reflects inter-generational equity in funding service levels without being reliant on debt
- Only utilising borrowings where appropriate by ensuring the maintenance of services is not reliant on debt
- The maintenance of a sound financial position reflected in Council's performance ratios

### **5 Capital Expenditure**

As noted above Council in the management of existing assets will fully utilise depreciation for the renewal of those assets and provide the appropriate level of funding for their scheduled and reactive maintenance

In acquiring new assets, the following factors should be considered:

- Council's current and future Operating Surpluses, s94A contributions and Grants.
- Any additional depreciation and maintenance costs.
- Any relevant interest cost and the impact on the Operating Surpluses.



Policy No. Number

- The requirement to increase Council rates to fund acquisition and ongoing costs.
- The age, life expectancy, suitability and service potential of any asset to be replaced.
- Discounted cash flow analysis, where appropriate.
- Reviewing on a regular basis Council assets to identify those assets which may no longer be required (e.g. parcels of undeveloped land) and may be sold to raise funds for more desirable community facilities. Asset sales will not be used to fund operations.

## **6 Borrowings**

Council recognises that loan borrowings for capital works are an important funding source for Local Government and that the full cost of infrastructure should not be borne entirely by present-day ratepayers, but be contributed to by future ratepayers who will also benefit.

Council will:

- Restrict all borrowings to expenditure on identified capital projects that are considered by Council to be of the highest priority, and which are unable to be funded from revenue.
- Ensure that all borrowings (both internal and external) are in accordance with legislative requirements.
- Not borrow money to fund operating expenditure as this type of expenditure should be funded through operating revenue streams.
- Minimise the cost of borrowings.
- Ensure the total amount of loan borrowings is sustainable in terms of ability to meet future repayments and budgetary obligations.
- The term of any loan will not exceed the expected economic life of the asset being funded.
- Achieve a financial indicator of less than 10% for the Debt Service Ratio, which is a key performance indicator of the Division of Local Government.

## **7 Authorisation**

This Financial Planning Policy was adopted by Council on 31 July 2007.

It was effective from 31 July 2007.

It was due for review on 1 October 2012.

## **8 Amendments**

This Policy was last amended on [insert date].

## **9 Who is responsible for implementing this Policy?**

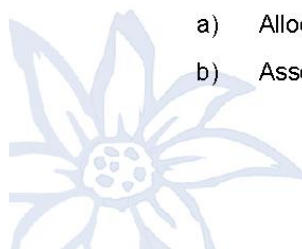
Chief Financial Officer

## **10 Document owner**

General Manager

## **11 Related Council Policies**

- a) Allocation of funds obtained from the sale of Council real property GOV-PL 915
- b) Asset Management PL 550 Asset



Policy No. Number

- c) Pricing Policy – principles and basis: PL 720 Pricing
- d) Surplus road reserve disposal: GOV-PL-820

## **12 Legislation and references**

- a) Local Government Act 1993
- b) Local Government (General) Regulations 2005
- c) Division of Local Government Planning and Reporting Guidelines
- d) Division of Local Government Planning and Reporting Manual
- e) Division of Local Government Capital Expenditure Guidelines
- f) PricewaterhouseCoopers National Financial Sustainability Study of Local Government Commissioned by the Australian Local Government Association November 2006
- g) Local Government and Planning Ministers' Council – Local Government Financial Sustainability – Nationally Consistent Frameworks
- h) Independent Inquiry into the Financial Sustainability of NSW Local Government May 2006

## **13 Definitions**

**Infrastructure Backlog** - the accumulation of past shortfalls in maintenance and renewals expenditure on existing assets relative to the expenditure that was necessary to keep these assets to an acceptable fit-for-purpose service level. The dollar value of Infrastructure Backlog represents the total amount of renewal works that need to be undertaken to bring a Council's back to an acceptable fit-for-purpose service level

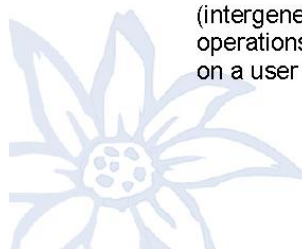
**Capital New Expenditure** - expenditure which creates a new asset providing a new or enhanced service to the Community that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operating and maintenance expenditure.

**Capital Renewal Expenditure** - expenditure on an existing asset, which returns the service potential or the life of the asset up to that which it had originally. It is expenditure which is required periodically as it reinstates existing service potential. It may have no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the appropriate time, e.g. resurfacing or re-sheeting a road network, replacing a section of a drainage network with pipes of the same capacity, resurfacing an oval. A failure to appropriately invest in renewals expenditure will result in a decline in service levels in the medium to long term.

**Depreciation** – is an accounting concept that measures and spreads the cost associated with the consumption of an asset over its useful life. It is a non-cash expense from an Income Statement perspective that attempts to measure the reduction in the value of an asset as a result of wear and tear, age, or obsolescence. Most assets lose value over time (in other words, they depreciate), and must be renewed or replaced once their condition falls below an acceptable fit-for-purpose service level.

While depreciation is a non-cash item from an Income Statement it should be used to fund actual capital renewal expenditure.

**Inter-Generational Equity Funding** - refers to equity between generations of ratepayers (intergenerational equity) whereby the mechanisms to fund specific capital expenditure and operations take into account the ratepayers who benefit from the expenditure and therefore on a user pay basis who should pay for the costs associated with such expenditure.





Policy No. Number

**Level of service** - the defined service quality for a particular service against which service performance may be measured. Service levels usually relate to safety, quality, quantity, reliability, responsiveness, cost/efficiency and legislative compliance. Technical measures may relate to quality - smoothness of roads, condition of a building, quantity - area of parks per resident.

Council's services are heavily reliant on an asset infrastructure that has been built up over generations. These assets require significant on-going investment in maintenance and renewal activities to ensure they are fit-for-purpose and able to deliver expected levels of service. It is necessary to engage the community in discussions on desired service levels and ensure asset investment decisions consider the 'whole of life' cost and balance the funding for investment in new/upgraded assets with the investment in asset renewal.

**Life Cycle Cost** – is the total cost of an asset throughout its life including planning, design, acquisition or construction, operation, maintenance, renewal and disposal costs. The principal ongoing life cycle costs comprise annual maintenance and asset consumption expense, represented by depreciation expense.

**Life Cycle Expenditure** – is the actual or planned annual maintenance and capital renewal expenditure incurred in providing the service in a particular year. Life Cycle Expenditure may be compared to Life Cycle Cost to give an initial indicator of life cycle sustainability.

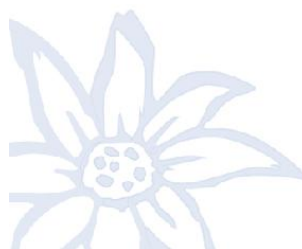
**Lifecycle Management** – the management of infrastructure assets relates particularly to the maintenance and renewal stages of asset life. Early in the life of an asset, its condition deteriorates slowly and maintenance is generally not required. This is often referred to the "Do Nothing" phase of an asset's life. As the asset ages, it moves into what is known as the "Maintain" phase. Maintenance activities will need to be performed to minimise continued deterioration. As the asset moves towards the end of its life, activities are undertaken that restore the asset to a condition close to that of the original. This is referred to as the "Renewal" phase. The importance of the time for intervention for renewal is paramount. If renewal activities are not undertaken in a timely manner, the condition of the asset will deteriorate rapidly to failure, and the cost of reconstruction may be many times that of renewal activities.

**Planned Maintenance** – is recurrent expenditure which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service. It is expenditure, which was anticipated in determining the asset's useful life.

Planned maintenance is also known as preventative maintenance which aims to reduce the frequency of breakdown events, resulting in fewer disruptions, increased asset lifespan, financial savings and increased productivity.

**Reactive Maintenance** – is unplanned repair work that is carried out in response to service requests as a result of unexpected failures and breakdowns.

This is the day-to-day work that is required to correct component failures and ensure that, as far as possible, schools can continue to operate safely, effectively, with minimal disruption, despite these unpredicted faults and breakdowns.



## **Financial Planning Policy**

**FIN-PL 100**

### **1 Purpose of Policy**

The purpose of this policy is provide a strategic framework for prudent management of Council's finances that facilitates public scrutiny of performance and representing leading financial planning practice.

### **2 Principles**

Warringah Council is a multi million dollar business. We have a fiduciary duty to the community to manage finances over the long term in a way that balances their needs with the long term financial sustainability of Council.

Industry leaders have sound financial policies for responsible resource planning, rating, debt, infrastructure and service delivery strategies.

The development of the management plan and budget will be directed by the following best practice principles:

- 2.1 Council's strategic management processes include financial plans prepared on a rolling 10 year basis, asset management plans of at least 20 years and a works plan covering a 4 year cycle.
- 2.2 Projected operating revenues are set at a level sufficient to meet projected operating expenses.
- 2.3 Investment in the renewal of assets will increase each year to meet the full cost of asset depreciation by 2011-2012, and thereafter increased to keep pace with the depreciation of assets.
- 2.4 Asset renewals are funded by the depreciation expense.
- 2.5 New assets to support population growth are funded from developer's contributions.
- 2.6 New assets created to provide increased levels of service are to be funded from sources other than general revenue, including but not limited to loans.
- 2.7 Proceeds from the sale of real property are used in accordance with the "Sale of Real Property – Allocation of Funds" policy.
- 2.8 Excess accumulated working capital to be applied to "one off" projects that improves financial sustainability and builds capacity for the community.

### **3 Authorisation**

This Policy was adopted by Council on 31 July 2007.

It is effective from 31 July 2007

It is due for review on 1 October 2012.

### **4 Amendments**

This Policy has not been amended

**5 Who is responsible for implementing this Policy?**

Chief Financial and Information Officer

**6 Document owner**

Director Corporate Services

**7 Related Council Policies or Operational Management Standards**

- a) Allocation of Proceeds from Sale of Real Property
- b) Investment Policy

**8 Legislation and references**

- a) Local Government Act 1993 No 30
- b) Local Government (General) Regulation 2005

**9 Definitions**



<b>ITEM 5.2</b>	<b>DRAFT STRATEGIC COMMUNITY PLAN 2023, DELIVERY PROGRAM 2013-2017 AND OPERATIONAL PLAN INCLUDING FEE AND CHARGES 2013-2014</b>
<b>REPORTING MANAGER</b>	<b>GROUP MANAGER STRATEGIC PLANNING</b>
<b>TRIM FILE REF</b>	<b>2013/092357</b>
<b>ATTACHMENTS</b>	<b>1 Community Engagement - Priority Objectives</b>

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## EXECUTIVE SUMMARY

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### PURPOSE

To approve for public exhibition the draft Community Strategic Plan 2023, Delivery Program 2013-2017 and annual Operational Plan including the Fees and Charges for 2013-2014

### SUMMARY

A suite of integrated planning documents have been prepared in accordance with the Local Government Act 1993 and the Division of Local Government's Integrated Planning and Reporting guidelines and manual. They will be available online from Saturday 6 April 2013 through Council's Application (eServices) at [www.warringah.nsw.gov.au](http://www.warringah.nsw.gov.au) for approval for public exhibition and comprise:

- Draft Community Strategic Plan 2023
- Draft Delivery Program 2013-2017
- Draft Operational Plan 2013-2014 including Fees and Charges 2013-2014
- Resourcing Strategy, incorporating the Long-term Financial Plan, Workforce Plan and Asset Management Strategy.

The Local Government Act (Sections 402, 404, 405, 705) provides for the exhibition of these documents for a minimum period of 28 days prior to their adoption. There is no requirement to exhibit the Resourcing Strategy, it is provided as supporting information for the public exhibition.

### FINANCIAL IMPACT

The 2013–2014 budget projects total expenditure of \$188 million, including a capital works program of \$37.397 million. It shows that our financial position is sound, with a projected surplus before Capital Grants and Contributions of \$13.036 million.

The 10 year Long Term Financial Plan shows that the annual surplus before Capital Grants and Contributions can be maintained each year in accordance with Council's Financial Planning Policy. The surplus is dependent on an increase in income commencing in 2017-2018, this would equate to a 6.5% Annual Rates increase over and above the Rate Cap.

### POLICY IMPACT

The Community Strategic Plan (CSP) is the Community's aspiration for Warringah over the next 10 years expressed through a Community Vision, Outcomes and Objectives. The Delivery Program and Operational Plan is Council's response to the CSP, establishing works and activities to be undertaken across key service areas, as well as providing measures of performance and budget details across one, four and ten-year horizons.

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**RECOMMENDATION OF GENERAL MANAGER**

That:

- A. Pursuant to Sections 402, 404, 405 and 705 of the Local Government Act 1993, there be a minimum 28 day public exhibition of the draft of the Community Strategic Plan 2023, Delivery Program 2013-2017, Operational Plan and Fees and Charges 2013-2014.
  - B. Council give notice of its intention to:
    - i) Make and levy an ordinary rate to comprise a minimum rate and ad valorem rating structure for both Residential and Business categories of rates on all rateable land in its area for 2013-2014, and
    - ii) Increase its rates income by 3.4% in 2013-2014.
  - C. A further report be submitted to Council on 25 June 2013 to enable consideration of:
    - i) Submissions received during the exhibition period referred to in A above; and
    - ii) Formal adoption of Warringah's Community Strategic Plan 2023, Delivery Program and Operational Plan and Fees and Charges 2013-2014.
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## REPORT

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### BACKGROUND

In the year following a general election the Local Government Act (Sections 402, 404, 405 and 705) requires councils to develop and endorse a series of integrated planning documents, by 30 June 2013. The suite of required documents is:

- The **Community Strategic Plan** prepared by a council on behalf of its community, covering a minimum of 10 years. It captures the long term aspirations of the community. Other stakeholders will need to contribute to deliver the long term objectives of the plan – for instance business, community groups and other tiers of government. As such, the CSP also takes account of NSW Government directions in the NSW State Plan, Northern Beaches Regional Action Plan and other plans.
- The four-year **Delivery Program** details the principal activities that a council will undertake to achieve the community's objectives in the CSP. It focuses on those within the sphere of Council's responsibility and resourcing; as well as those it needs to achieve through partnerships and advocacy
- The annual **Operational Plan** is a sub-plan of the Delivery Program. It details the budget, projects and activities of the first year of the program. It must include an estimate of income for the year, rates proposed to be levied, domestic waste charge, borrowings and pricing methodology for setting fees and charges.
- These are supported by a **Resourcing Strategy** which is the final link between the community objectives in the CSP and the Delivery Program. It focuses on matters that are the responsibility of the Council, identifying the resources needed in terms of time, money, assets and people. It comprises a Long-term Financial Plan (10 years), Workforce Plan (four years) and Asset Management Strategy (10 years).

### COMMUNITY ENGAGEMENT

Council adopted a Community Engagement Strategy on 28 August 2012 to direct engagement activities in developing the CSP and other integrated planning documents. The Engagement Strategy identified relevant stakeholder groups within the community and outlined methods of engaging each group based on social justice principles of equity, access, participation and rights.

It provided for a three stage engagement process using the banner "*Dream. Create. Live*". The final phase will commence once the draft documents have been approved for exhibition. Key promotional activities during stage one and two included:

- direct mail outs to all Warringah households;
- extensive advertising in the Manly Daily;
- targeted invitations to residents, community groups and business on Council's databases; and
- outreach activities by staff at shopping centres, events and bus stops.

Stage One - community visioning occurred from May to September 2012. It captured information on what the community value and long term aspirations for the area. The feedback included:

- Telephone survey - 600 residents
- 7 focus groups - 56 participants

- Online discussion forums - 27 active participants
- Postal submissions - 357 received
- Online submissions - 87 completed
- Youth survey - 1,033 completed

Stage Two - goal and priority setting occurred from October to November 2012. The feedback included:

- Brookvale Show - 50 participants in themed discussions
- Three community workshops at Dee Why, Forestville and Harbord - 230 participants
- Online submissions - 114 completed

The reports from the various engagement activities can be viewed online at [www.yoursaywarringah.nsw.gov.au](http://www.yoursaywarringah.nsw.gov.au)

### **COMMUNITY STRATEGIC PLAN**

The community vision, outcomes, goals and strategies in the current Strategic Community Plan 2013 was adopted by Council on 22 June 2010 and largely reflects aspirations of the community from Warringah's first Community Plan – "Living Warringah". Living Warringah was developed over an 18 month period and adopted in November 2005, when the Council was under Administration.

The development of this Community Strategic Plan has allowed us to take a fresh look and develop a new contemporary community vision, and new outcomes and objectives for the area based on the community feedback received. Council's Strategic Reference Groups, made up of members of the community, have also played a valuable role in reviewing these directions to ensure input from community has been interpreted in a balanced way.

The draft new Community Vision for Warringah is:

*A vibrant, caring community thriving in a unique beach and bush environment, supporting a balance of lifestyle, business and recreation*

Concepts for the Vision came from the community and reflect their aspirations. The Vision captures characteristics of the area that make Warringah unique such as bush and beach as well as elements that the community value such as a sense of balance and a sense of connection to the community.

The CSP comprises 22 Objectives grouped around six Outcomes:

- Vibrant Community
- Lifestyle and Recreation
- Healthy Environment
- Connected Transport
- Liveable Neighbourhoods
- Working Together

Vibrant Community covers creating a supporting caring community and how community members relate to each other. The objectives for Vibrant Communities are:

- We have the services to promote and deliver health and wellbeing



- We are safe and protected at home and in public, and we respect each other and the area
- We support and care for all our community members and provide opportunities to connect and belong
- We value our heritage and cultural diversity, celebrating together and fostering creativity

Lifestyle and Recreation covers how natural and built spaces are managed and their use for sport, recreation and outdoor enjoyment. The objectives for Lifestyle and Recreation are:

- We have access to a diverse range of recreational facilities that meet the needs of the community and sporting groups
- We have access to attractive parks and natural areas that encourage and support a safe healthy lifestyle
- We have inviting public spaces that are clean, green and well designed

Healthy Environment covers environmental protection of our natural environment and sustainable living. The objectives for Healthy Environment are:

- We value the health of our beaches, foreshores and waterways as natural habitats and for our enjoyment
- We protect and sustain our diverse bushland as valuable habitats, and provide for a variety of wildlife to thrive and migrate
- We strive to live and work more sustainably to reduce our environmental footprint
- We effectively plan for and respond to natural hazards and climate change in a sustainable way

Connected Transport covers how we move around. The objectives for Connected Transport are:

- We have an effective interconnected public transport system that is safe, efficient and affordable
- We use a well-designed and functioning road network
- We can conveniently access parking near transport hubs and close to urban centres
- We can safely and conveniently walk or ride around Warringah

Liveable Neighbourhoods covers housing, business and education. The objectives for Liveable Neighbourhoods are:

- We have attractive and functional urban and commercial centres that adapt to the needs of residents and business
- We encourage and support a diversity of businesses that provide a range of services and employment opportunities
- We offer a variety of housing choice that meets the needs of our community and complements local neighbourhoods and the Warringah lifestyle
- We have access to a range of local educational and training opportunities that complements the local economy

Working Together covers participating in decision making, accountability and collaborating. The objectives for Working Together are:

- We are effectively represented, can provide our opinion, and contribute to decisions that impact Warringah
- We trust our politicians and public officers and they demonstrate leadership, transparency, accountability and deliver value for money
- We participate in effective partnerships and collaboration for now and the future

Many of the issues are interconnected and cannot be considered in isolation. This has resulted in issues been allocated where their primary focus lies. For instance, housing affordability is a planning issue and also a social issue, transport planning cannot be discussed without considering housing and employment location. The draft CSP represents an integrated approach to long term planning where the objectives support each other and work together to achieve the Community Vision.

### **COMMUNITY PRIORITIES AND MESSAGES**

Clear priorities emerged from the community in terms of the Objectives. Different engagement techniques have highlighted that the community places greater relative weight in improving some objectives over others, see attachment 1. The Objectives the community places greater relative weight on were:

- We support and care for all our community members and provide opportunities to connect and belong
- We have the services to promote and deliver health and wellbeing
- We protect and sustain our diverse bushland as valuable habitats, and provide for a variety of wildlife to thrive and migrate
- We have an effective interconnected public transport system that is safe, efficient and affordable
- We use a well-designed and functioning road network
- We offer a variety of housing choice that meets the needs of our community and complements local neighbourhoods and the Warringah lifestyle

Prioritisation of these Objectives has also been supported by an abundance of comments on certain key topics throughout the engagement process. Key messages from the comments gathered were:

- Protect our Natural Environment and Recreational Opportunities - while we are doing well in these areas, we must maintain our efforts.
- Congestion and Public Transport - better public transport options to reduce congestion and ensure peak hour commute times don't increase further.
- Appropriate Development - planning that is appropriate and doesn't ruin the things that make our area special. Population growth needs to be realistic and include the necessary supporting infrastructure.
- Dee Why - people from all over Warringah told us that improving Dee Why Town Centre is a priority.
- Keeping Warringah Clean, Safe and Well Presented - we're proud of where we live and many feel we could improve how we use and maintain our public spaces.

- Fostering Community Connections - looking after the most vulnerable people in our society and including all parts of our community.

While Council may not exercise direct control over all these areas, they are issues of importance to our community. We need to look at how we can influence and work with other stakeholders to make a difference over the longer term.

### **DELIVERY PROGRAM AND OPERATIONAL PLAN**

The Delivery Program and Operational Plan is structured around Council's 16 key services. For each key service the Objectives in the CSP have been identified and aligned, and outline actions and budget for 2013-2017 as well as program indicators and key service indicators for assessing performance have been identified.

Over the next four years Council will maintain existing high quality services to the community; budgets have been set to ensure no reduction in service levels. A range of major projects will also be delivered in response to community priorities. These projects are detailed below.

Glen Street - we will breathe new life into the Glen Street Theatre and create a Cultural Hub which will include a relocated Belrose Library. The sale of the library site and adjacent land will fund the redevelopment and also provide an economic stimulus for revitalisation of the shopping precinct.

Dee Why Revitalisation - we will start the transformation of Dee Why into the northern beaches' premier commercial and residential district. Council will kick-start the process with the Community Hub at the Civic Centre, improvements to the streetscape and reserve improvement to Walter Gors Park to encourage private investment.

Collaroy Accessibility Precinct - works have already begun to make Collaroy more attractive, safer and a 'best practice' accessible area for all. Future works include reserve improvements, an all-abilities playground and upgrades to the rockpool.

Bus Rapid Transit system - we will continue to advocate at State level for the urgent implementation of the Bus Rapid Transit system, to address congestion along Pittwater Road, Spit Road and the Warringah Road corridor. The NSW Government is investigating a BRT to deliver a faster express service between Warringah and the Sydney CBD, we will support the investigation and continue to advocate for a similar system for the east-west corridor along Warringah Road. Council will also facilitate the development of a BRT by introducing commuter park and ride facilities and a new bus interchange at Dee Why.

Warringah Local Planning Strategy - Council will develop a strategy on how best to meet the NSW Governments targets for new housing and jobs growth. We shall find a solution that allows growth yet maintains the unique character of our suburbs.

Northern Beaches Hospital at Frenchs Forest - we will partner with the NSW Government to develop the Northern Beaches Hospital at Frenchs Forest. Its construction will create employment growth and present opportunities to promote the area surrounding the hospital as a specialised health precinct and improve the intersection at Warringah Road and the Wakehurst Parkway.

Narrabeen Lagoon Multi-use Trail - works will be completed on the trail circuit along the foreshores of the northern beaches largest coastal lagoon to create an iconic recreational facility. This will include constructing 1km of trail and a pedestrian/cyclist bridges over Middle Creek and South Creek.

## **RESOURCING STRATEGY**

Warringah's resourcing strategy comprises three documents that focus on Council having appropriate finances, assets and people to meet the Delivery Program. A brief description of the documents is below:

### *Long-term Financial Plan*

A long term financial plan (LTFP) has been a centre-piece of Council's CSP since 2008. It includes detailed projections of Council's Income Statement, Balance Sheet, Statement of Cash Flows, Capital Budget Statement and Cash & Investments Statements for each of the ten years to 30 June 2023. For comparison purposes the draft CSP also includes the position forecast for 2013-2014 in the previous CSP as well key performance indicators for sustainability. Another feature is a sensitivity analysis of the financial projections, to identify the impact on the LTFP of key assumptions which are subject to inherent uncertainties.

### *Workforce Plan*

The Workforce Plan 2013–2017 outlines the skills required now and into the future to sustainably manage our services and assets. It is underpinned by the workforce planning framework and includes our workforce analysis; forecast of needs; gap analysis; development of strategies and action plans; implementation of strategies, and monitoring and review. Warringah requires a workforce with a range of expertise, from specialist/technical occupations to manual roles. We are one of the major employers on the peninsula providing work for over 1,000 employees on a full time, part time, casual, seasonal or temporary basis.

National and global trends of technological and demographic change affect our ability to recruit and retain a skilled workforce. Our current workforce strategies revolve around recruitment, retention of appropriately skilled staff, positioning Warringah as a desired employer, and minimising skills gaps.

### *Asset Management Strategy*

Council is custodian of approximately \$1.05 billion worth of infrastructure assets. This magnitude of investment increases Council's exposure to political, managerial and financial risk. The size and value of Council's asset portfolio makes it imperative that a coordinated and strategic approach is adopted to manage these assets now and into the future. Council needs to consider a number of factors that influence the management of its assets. In determining current and future service levels consideration needs to be given to factors such as population growth, changing demographics (particularly ageing population), resident expectations, funding limitations, competing priorities and statutory requirements.

The draft Asset Management Strategy 2013-2023 considers all these matters and articulates how Council will manage its assets now and into the future by providing asset management objectives, an improvement plan, timeframes and responsibilities. This holistic approach to asset management provides greater certainty and limits Council's exposure to financial risk and asset failure by planning for the future. This draft strategy will be finalised when the CSP is finalised.

## **PERFORMANCE FRAMEWORK AND REPORTING**

Council is required to establish assessment methods to determine progress in achieving the Vision and Outcomes in the CSP, the effectiveness of the Delivery Program and progress in implementing the Operational Plan. A hierarchy of performance indicators has been developed and will be reported annually for the Delivery Program and Operational Plan within Council's annual report, and at the end of the elected Council's term in 2016 for reporting overall progress against the CSP.

The hierarchy of performance indicators is as follows:

**Community indicator** – This depicts the overall performance of the LGA. The indicators at this level are community oriented and see minimum change in the short term. Council has no direct

responsibility for the results of these indicators as it exerts very low influence on them. Though the full set of indicators is still being finalised, it will be partially sourced from a community survey.

**Program indicators** – These indicators are aligned with the Delivery Program and depict the performance of each program area. Although Council has a significant influence over the outcome of these indicators it does not have complete control.

**Key service indicators** – These indicators are reported at the Operational Plan level. As Council has direct control of these indicators they have a baseline and target against their performance.

## **OVERVIEW – BUDGET & FINANCIAL FORECASTS**

Our financial position remains sound however action is still required over the next ten years to ensure we maintain high quality services and long term financial sustainability. A sustainable 10 year, Long Term Financial Plan has been developed that includes a forecast increase in income in 2017-2018 over and above existing revenues streams. This increase equates to an additional increase of 6.5% in Rates over and above the Rate Cap for this period.

The 10 year Long Term Financial Plan shows that the annual surplus before Capital Grants and Contributions can be maintained each year in accordance with Council's *Financial Planning Policy*.

The 10 year forecast reflects the maintenance of existing service levels to the community.

The budget is finely balanced; in developing the Long Term Financial Plan a range of assumptions regarding economic factors have been made which are outside of our control. These economic factors include growth in rate income, wages and materials and contracts. If negative trends (i.e. 0.5% annually) are experienced in any one of these items then the budget before Capital Grants and Contributions will be in deficit from 2016–2017 onwards. In these circumstances we would be unable to maintain existing service levels without compromising quality and we will have to increase revenues or decide as a community what service levels are most important.

The Community Strategic Plan 2012 forecasted the additional revenue would be required in 2015-2016 to keep the budget in surplus. In this budget we have been able to defer the timing of when additional revenue may be needed by controlling the growth in expenses and the maintenance of revenue from continuing operations. The 2013–2014 budget includes total expenditure of over \$188 million of which \$37.397 million is for capital works including \$19.85 million for renewal to improve the condition of existing assets for the community. Our financial position is sound, with a projected surplus before Capital Grants and Contributions of \$13.036 million.

The budget provides for a 3.4% increase in income from rates, the maximum increase permitted by the NSW Government.

Council is currently exploring requirements in relation to infrastructure projects at Council's waste landfill site at Kimbriki. These include the renewal of access roads which currently represent an infrastructure backlog. It is anticipated that the renewal of the access roads will cost \$7.815m. Council is currently in negotiations with Kimbriki Environmental Enterprises the operator of Council's waste landfill site and its other shareholders regarding these works and has made application for funding under the Division of Local Government's Local Infrastructure Renewal Scheme and anticipates that these negotiations will be completed by the end of May 2013. If Council is to undertake these works it will need to borrow for the full cost of the works, however, these borrowings will not change the financial sustainability of Council over the 10 years of the LTFP. There is some likelihood of further borrowings for other infrastructure works however borrowing will not be undertaken if they adversely impact on Council's financial sustainability.

Accordingly, Council will continue to review the need for borrowings for major infrastructure projects to allow the cost of these projects to be spread over a number of years, in order to

facilitate inter-generational equity for long-lived assets and to smooth out long term expenditure peaks and troughs for projects such as funding improvements to the Dee Why Town Centre, for potential works on the Warringah Aquatic Centre in future years and other infrastructure works at Council's waste landfill site at Kimbriki.

### **RATING STRUCTURE 2013-2014**

The draft 2013-2014 Budget is based on:

- A general rate income increase of 3.4% - the maximum increase as determined by Independent Pricing and Regulatory Tribunal and approved by the Minister for Local Government. IPART considered the following factors in setting the Rate Peg:

The Local Government cost index has increased by	3.7%
Less: Assumed productivity gain	<u>0.2%</u>
	3.5%
Less: Reduction for Carbon Price Advance	<u>0.1%</u>
Rate Peg	3.4%

- Total expected rate yield of \$73.9 million (before pensioner rebates)

The rating structure proposed for 2013-2014 is as follows:

Ad valorem and minimum rate for both residential and business ordinary rates of:

<b>Rate Type</b>	<b>Category</b>	<b>Ad Valorem</b>	<b>Minimum Rate</b>
Ordinary	Residential	0.200822	793.17
Ordinary	Business	0.552271	1,018.32
Ordinary	Business - Warringah Mall	0.982645	N/A

### **Waste Charges 2013-2014**

Proposed waste charges for 2013-2014 are summarised below:

Availability charges - vacant land	\$81.00
Per 80 litre bin (first or additional bins) - includes availability charge	\$329.00
Per 120 litre bin (first or additional bins) - includes availability charge	\$490.00
Service Increase Fee - applies when delivering a larger capacity or additional bin, compared to base 80 litre service, or existing service level	\$25.00
Supply of additional vegetation bin	\$85.00
Repair of vegetation bin lid	\$15.95*
Repair of vegetation bin wheels	\$9.35*

(\*Includes GST in rate)

The domestic waste management charge has increased for the 80 litre MGB service (12.3%) and 120 litre MGB service (12.1%). The change reflects increases in the cost of the services as well as providing for the implementation of alternative disposal arrangements and new bins after Belrose Landfill closes in 2014.



**DRAFT FEES & CHARGES 2013-2014**

The Operational Plan includes a range of proposed fees and charges in 2013-2014. Underlying these is Council's Pricing Policy in relation to fees and charges which are not otherwise prescribed by legislation. The Policy seeks to ensure Council recovers its costs in delivering a service, while also allowing for fees and charges to be discounted where appropriate in recognition of Council's community service obligations.

Fees and charges relate mainly to the recovery of service delivery costs through the charging of fees to users. These include use of leisure, entertainment and other community facilities and the provision of human services such as long day care, vacation care and family day care. In setting the budget, the key principle for determining the level of user charges has been to ensure that increases relate directly to the costs incurred in providing the service.

The majority of increases are in-line with the Local Government Cost Index advised by IPART of 3.7%, however some fees have increased above this amount. A detailed listing of fees and charges is available online as part of the exhibition.

**AUDITORS REVIEW OF "THE BUDGET"**

We continue to provide an extra level of rigour to our financial planning by having our budget reviewed by the external auditors. The inclusion of the auditor's final review will be in line with better practice and benefit our stakeholders. It creates a greater level of transparency and provides confidence that the commitments in the Operational Plan can be delivered. It is considered that this practice of Council to require an auditor's review should be recommended by the Office of Local Government as best practice.

**ONLINE ACCESS TO THE PLANS**

The draft Integrated Planning documents will be available online from Saturday 6 April 2013 through Council's Applications (eServices) at [www.warringah.nsw.gov.au](http://www.warringah.nsw.gov.au). The community will be directed to view and make submissions to the Plans online through eServices. Content will also be available for review at Council's libraries and at the Civic Centre.

The eServices tool has been successfully used to exhibit the draft Warringah Local Environmental Plan in 2011 and is the only way to view the Warringah Local Environmental Plan 2012 and Development Control Plans 2012.

The move to delivering these documents online will streamline the process for producing the documents, facilitate the establishment of audit trail of changes and provide the platform for the development of online progress reporting against the Delivery Program and Operational Plan.

**EXHIBITION AND CONSULTATION**

The draft documents will be placed on exhibition for 39 days from Saturday 13 April to Wednesday 22 May 2013. This is beyond the minimum 28 days required, in consideration of school holidays and a public holiday during this period. Council must consider the submissions before adoption of the plans by 30 June each year. Consultation will include:

- Delivery of a Summary Brochure to households in Warringah;
- Notices in the Manly Daily;
- Information at the Civic Centre and Council libraries;
- Drop-in sessions at Civic Centre, Dee Why on Tuesdays from 16 April to 14 May 2013, between 11am and 2pm;

As noted above members of the public will be encouraged to make submission online via eServices. The submissions will be displayed for others to read, following moderation to ensure offensive material is not published. Submissions will also be accepted via letter and email.

People that make a submission will also be able to nominate to address Council at the Community Plan Hearing, to be held on Monday 3 June.

**TIMING**

Following the consultation, the draft Strategic Community Plan, Delivery Program, Operational Plan and Fees and Charges will be re-submitted to Council for adoption on 25 June 2013.

**POLICY IMPACT**

The CSP is the Community's aspiration for Warringah over the next 10 years expressed through a Community Vision, Outcomes and Objectives. The Delivery and Operational Plan is Council's response to the CSP establishing works and activities to be undertaken across key service areas, as well as providing measures of performance and budget details across one, four and ten-year horizons.



## Community Engagement - Priority Objectives

		<div><div>Workshop stage 2 voting objectives</div><div>Workshop stage 2 voting outcomes</div><div>Workshop stage 2 group voting</div><div>Focus group priorities - stage 2</div><div>Online survey - stage 2</div><div>Key opportunities - stage 1</div><div>Community Survey 2012 challenges</div><div>Youth Survey</div></div>									
Outcome	Objective										
Vibrant Community	We support and care for all our community members and provide opportunities to connect and belong	1	5	5%	maintain	4	11	2			
	We value our heritage and cultural diversity, celebrating together and fostering creativity	3		3%	maintain		16	3			
	We have the services to promote and deliver health and wellbeing	1	2	9%	improve	5	14				
	We are safe and protected at home and in public, and we respect each other and the area	2		2%	maintain		10	5			
Lifestyle and Recreation	We have access to a diverse range of recreational facilities that meet the needs of the community and sporting groups	2	6	6%	maintain		15	10			
	We have access to attractive parks and natural areas that encourage and support a safe healthy lifestyle	1		3%	maintain		15				
	We have inviting public spaces that are clean, green and well designed	Maintenance 2	7	3%	maintain		7				
		Design 1		2%	maintain		16		5		
Healthy Environment	We value the health of our beaches, foreshores and waterways as natural habitats and for our enjoyment	1	4	4%	maintain		13				
	We protect and sustain our diverse bushland as valuable habitats, and provide for a variety of wildlife to thrive and migrate	2		7%	maintain	1	10	8			
	We strive to live and work more sustainably to reduce our environmental footprint	3		2%	maintain		17				
		We effectively plan for and respond to natural hazards and climate change in a sustainable way									
Connected Transport	We have an effective interconnected public transport system that is safe, efficient and affordable	1	1	11%	improve		1	1	3		
	We use a well-designed and functioning road network	2		8%	maintain		3, 14		1, 4, 5		
	We can conveniently access parking near transport hubs and close to urban centres	3		5%	improve		6				
	We can safely and conveniently walk or ride around Warringah	Footpaths 4		2%	maintain		16				
		Cycleways 5		4%	improve		8				

		<div> <div>Workshop stage 2 voting objectives</div> <div>Workshop stage 2 voting outcomes</div> <div>Workshop stage 2 group voting</div> <div>Focus group priorities - stage 2</div> <div>Online survey - stage 2</div> <div>Key opportunities - stage 1</div> <div>Community Survey 2012 challenges</div> <div>Youth Survey</div> </div>							
Outcome	Objective								
Liveable Neighbourhoods	We have attractive and functional urban and commercial centres that adapt to the needs of residents and business	3	3	2%	maintain		4		
	We encourage and support a diversity of businesses that provide a range of services and employment opportunities	2		5%	maintain		14	7	
	We offer a variety of housing choice that meets the needs of our community and complements local neighbourhoods and the Warringah lifestyle	1		10%	maintain	2	2	4, 9	2
	We have access to a range of local educational and training opportunities that complements the local economy	2		5%	maintain		17	6	
Working Together	We are effectively represented, can provide our opinion, and contribute to decisions that impact Warringah		8	3%	maintain		10		
	We trust our politicians and public officers and they demonstrate leadership, transparency, accountability and deliver value for money								
	We participate in effective partnerships and collaboration for now and the future								

**Legend**

- Priority objectives identified through a range of engagement processes
- Workshop Stage 2 - techniques used at workshops in November 2012 to understand individual and collective priorities of
  - Online Survey Stage 2 - October - November 2012 rating objectives on a scale of improve, maintain or reduce effort
  - Focus group priorities - 7 focus groups held in June-July 2012 - priority setting session
  - Key opportunities stage 1 - the frequency an issues raised that relate to a themes
  - Youth Survey - top three opportunities for improvement
  - Community Survey 2012 - top priorities for Council to focus on over the next four years

## 7.0 ENVIRONMENT DIVISION REPORTS

<b>ITEM 7.1</b>	<b>DRAFT WARRINGAH SECTION 94A DEVELOPMENT CONTRIBUTIONS PLAN 2013</b>
<b>REPORTING MANAGER</b>	<b>GROUP MANAGER STRATEGIC PLANNING</b>
<b>TRIM FILE REF</b>	<b>2013/066551</b>
<b>ATTACHMENTS</b>	<b>1 Draft Warringah Section 94A Development Contributions Plan 2013</b> <b>2 Reconciliation of Projects - Warringah Section 94 Development Contributions Plan 2001</b>

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### EXECUTIVE SUMMARY

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#### PURPOSE

Seek Council's endorsement:

- To publicly exhibit the draft *Warringah Section 94A Development Contributions Plan 2013*; and
- To update the Section 94 (S.94) works program and undertake administrative changes in order to effectively deliver outstanding projects in line with funding sources and Council's internal procedures.

#### SUMMARY

Council has undertaken the annually scheduled review of its Development Contributions Plan.

The intent of this report is to seek Council's endorsement of the new draft *Warringah Section 94A Development Contributions Plan 2013* which is proposed to be placed on public exhibition for a period of 34 days between 15 April 2013 and 17 May 2013 to invite public comment.

The Report also seeks Council's endorsement of proposed administrative changes to the S.94 works program in order to bring it in line with Council's internal procedures and S.94 financial reserves, as outlined in this report.

All submissions received during the exhibition period will be reported back to Council in June.

#### FINANCIAL IMPACT

Nil. Funding of the S.94 and S.94A works program is budgeted from developer contributions that have been collected.

#### POLICY IMPACT

Nil

**RECOMMENDATION OF DEPUTY GENERAL MANAGER ENVIRONMENT**

That

- A. The draft *Warringah Section 94A Development Contributions Plan 2013* be placed on public exhibition in accordance with the provisions of the *Environmental Planning and Assessment Regulation 2000*;
  - B. Council endorse the proposed administrative changes to the S.94 works program in order to appropriately facilitate the delivery of identified projects and the expenditure of remaining S.94 monies;
  - C. All submissions received be reported back to Council at the conclusion of the exhibition period.
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## REPORT

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### BACKGROUND

The purpose of this report is to seek Council's endorsement:

- To publicly exhibit the draft *Warringah Section 94A Development Contributions Plan 2013*; and
- To update the S.94 works program and undertake administrative changes in order to effectively deliver outstanding projects in line with funding sources and Council's internal procedures.

The draft *Warringah Section 94A Development Contributions Plan 2013* makes minor administrative changes and revises the current works program of S.94 and S.94A. The main reasons for undertaking the review include:

- Removing S.94A projects that have been completed within the Financial Year;
- Identifying new S.94A projects for delivery in the 2013/14 Financial Year;
- Ensuring that the works program for S.94A and S.94 aligns with Council's budget, Capital Expenditure Plan and Community Strategic Plan;
- Reconciling the S.94 reserves with the program of works and Council's internal procedures; and
- Providing an opportunity to improve delivery of the priority projects identified in the S.94A and S.94 works program.

A full copy of the draft *Warringah Section 94A Development Contributions Plan 2013*, incorporating the recommended amendments listed above, has been included as Attachment 1 to this report.

### Section 94 and Section 94A Works Programs (Two Programs)

Council's development contributions plan is updated annually through what is technically the creation of a new plan (the Act doesn't allow for the amendment of a plan). The Plan essentially incorporates money collected in the past under the *Warringah Section 94 Development Contributions Plan 2001* and money collected since 2006 under the 'Fixed' development consent levies system under S.94A. The following outlines some key points in understanding how this has come about:

- In 2006 when Council started levying development under the S.94A system, the *Warringah Section 94 Development Contributions Plan 2001* was repealed and Council ceased to levy development under the 2001 Plan.
- However, a number of projects under the *Warringah Section 94 Development Contributions Plan 2001* had not been delivered and money collected under the plan was being held in financial reserves to fund these projects at a future time when the projects were ready to commence.
- In order to maintain the commitment Council had made to deliver these projects they were incorporated into the new *Warringah Section 94A Development Contributions Plan*.

In this way, the *Warringah Section 94A Development Contributions Plan*, and each new version of it (as changes are made and its work programs are updated annually) combines both new projects, as they are identified under the Section 94A system in Part 5, and projects from the *Warringah Section 94 Development Contributions Plan 2001* in Part 6.

## **SECTION 94A**

### **Section 94A Proposed Works Program**

The S.94A works program incorporates approximately \$5.13 million worth of projects for the year 2013/14 fiscal year.

The assessment of individual projects has been undertaken via Council's Capital Justification and Evaluation Process where each project listed on Council's Capital Works Program has been rated on the basis of community need, safety and risk to Council. The ranking of each project through this evaluation process was also used to establish the preferred year to commence.

In preparing a new draft *Warringah Section 94A Development Contributions Plan 2013* the intention is to undertake minor administrative changes and update the works program in line with Council's annual budget/financial planning cycle.

### **Administrative Changes**

The following administrative amendments were made to the draft *Warringah Section 94A Development Contributions Plan 2013*:

- The residential population growth analysis has been amended to reflect updated census data;
- References to the 2012 Plan have been updated; and
- Map sheets have been updated to identify the location of new S.94A Projects.

A full copy of the draft *Warringah Section 94A Development Contributions Plan 2013*, incorporating the amendments listed above including a revised works program, has been included as Attachment 1 to this report.

### **Projected Balance of Section 94A Reserves**

The works program for S.94A incorporates approximately \$5.13 million worth of projects and it is forecast that there will be in the order of \$6.72 million within Council's S.94A Reserve at 1 July 2013.

It is noted that the amount of funds collected is highly variable and relies solely on development (that meets the criteria under the Plan) being undertaken within the Local Government Area, which in turn is dependent on market conditions. As such, for financial purposes and to ensure that projects identified in outlying years can continue to be delivered as scheduled, a buffer of approximately \$1.5 million is maintained in the S.94A reserve to account for variations in contributions collected.

### **Section 94A works completed or on track for delivery prior to 1 July 2013**

**Table 1 - S.94A Completed Projects**

<b>Project No.</b>	<b>Suburb</b>	<b>Project Title</b>	<b>Comment</b>
5411	Forestville	Forestville Skate Facility - adjacent to Melwood Oval	Complete
5835	Belrose	Blackbutts Road, Belrose - upgrade refuge island near Athol Street/Glen Street Theatre	Complete
5831	Collaroy	Collaroy Accessibility Tourism Precinct - Streetscape Improvements	Complete
5855	Manly Vale	Manly Dam Car park & turning area (stage 1 of 2) – design - At entry gate to Manly Dam	Complete



<b>Project No.</b>	<b>Suburb</b>	<b>Project Title</b>	<b>Comment</b>
5839	Queenscliff	Dalley Street, Queenscliff - partial road closure /extension of median on Cavill Street	Complete
5841	Killarney Heights	Tramore Place, Melwood Ave & Starkey Street, Killarney Heights - kerb blister islands	The project is on track with an expected delivery date prior to the end of the current financial year
5838	Queenscliff	Crown Rd, Queenscliff - median island and kerb blister islands between Dowling Street and Cavill Street	The project is on track with an expected delivery date prior to the end of the current financial year
5828	Various	Priority PAMP Projects	The project is on track with an expected delivery date prior to the end of the current financial year
5843	Manly Vale	Floodlighting Improvement Program – Provision of additional capacity of floodlighting at Miller Reserve	The project is on track with an expected delivery date prior to the end of the current financial year
5858	Various	Playground Improvement Program – Section 94A funds will be distributed amongst various playgrounds throughout the LGA. Playgrounds identified within the Parks Priority Program	The project is on track with an expected delivery date prior to the end of the current financial year
5862	Allambie Heights	Allenby Park track & trail upgrades - Design	The project is on track with an expected delivery date prior to the end of the current financial year
5834	Various	Bike Plan Priority Program	The project is on track with an expected delivery date prior to the end of the current financial year
5852	Various	Sportsfield Water Management Program	The project is on track with an expected delivery date prior to the end of the current financial year
5881	Various	Sports Capital Assistance Program	The project is on track with an expected delivery date prior to the end of the current financial year

### **Section 94A works deleted or postponed**

**Table 2 - S.94A Works Deleted, Postponed or Delayed**

<b>Project No.</b>	<b>Suburb</b>	<b>Project Title</b>	<b>Comment</b>
5123	Dee Why	Dee Why Beach Viewing Tower	This project could not be delivered during the year previously identified. Project included within the 2013/14 program. The budget for the project is to increase to \$220,000

<b>Project No.</b>	<b>Suburb</b>	<b>Project Title</b>	<b>Comment</b>
5126	Narrabeen	Wheeler Park, Narrabeen - New public amenity, adjacent to scout hall at Goodwin Street	This project is to be deleted from the program. There is no identified need or demand for the facility at this time
5866	Narrabeen	Design and Construction of Narrabeen Lagoon Multi-use trail between Deep Creek and South Creek Reserve	This project could not be delivered during the year previously identified. This is an ongoing project. Project included within the 2013/14 and 2014/15 program
6433	Narrabeen	North Narrabeen – Stage 1: Revised Masterplan, detailed design and construction of viewing/memorial area	This project could not be delivered during the year previously identified. Project included within the 2013/14 program. The budget for the project is to be revised to \$50,000

## **SECTION 94**

The key purpose of the updated S.94 works program and administrative changes is to enable the effective delivery of outstanding S.94 projects in line with funding sources.

The proposed update to the works program does not remove any project identified for delivery under the original *Warringah Section 94 Development Contributions Plan 2001*, will be within the capacity of the funds available and will maintain the intent for which the funds were originally collected. The update will also reconcile the S.94 program in line with Council's internal procedures.

Formal exhibition of the revised S.94 works program will occur as part of the exhibition of the updated works program under the draft *Warringah Section 94A Development Contributions Plan 2013*.

### **Projected Balance of Section 94 Reserves**

The works program for S.94 incorporates approximately \$21.3 million worth of projects (excluding the proposed Community Hub in Dee Why). It is forecast that there will be in the order of \$25.88 million within Council's S.94 Reserves at 1 July 2013.

Reserves under S.94 are fully committed to the delivery of the works program and the Community Hub in Dee Why. Council's plan is for the Reserves to be exhausted and closed upon completion of the projects within the works program.

### **Proposed changes to Section 94**

The amended S.94 Plan proposes changes to the delivery of the works program in order to better align with the Strategic Community Plan, Council's budget and internal procedures. It is also proposed to undertake administrative changes to the S.94 reserves. Proposed changes include:

- The amalgamation of similar projects in the works program to enhance delivery;
- Providing new project identifiers and titles to match internal procedures;

- Identifying projects in the works program that are eligible for S.94 funding and meet the intention for which funds were originally collected;
- The redirection of funds in reserves where all projects have been completed; and
- The closure of reserves that have been exhausted.

The proposed changes are detailed below. Every measure has been taken to ensure that the revised works program remains consistent with the intent for which the funds were originally collected.

There will be no impact on the projects identified for delivery under the *Warringah Section 94 Development Contributions Plan 2001*. The S.94 works program has been included in Part 6 of the draft *Warringah Section 94A Development Contributions Plan 2013*. Specifically the changes include:

### **Projects**

#### Dee Why Parking and Community Centre

- The S.94 Plan Projects No.1 Dee Why Parking and No. 4 Community Centre – Dee Why Town Centre have been amalgamated to create one project, BN5800 – Dee Why Town Centre Parking and Community Facility. The change in title and project number reflects the planned delivery of the Multipurpose Community Facility and Car Park at the corner of Kingsway and Fisher Road and Council's internal procedures.
- The project is to be funded from the E5 – Community Centres and E10 – Dee Why Parking Reserves.

#### Community Hub – Dee Why Town Centre

- In accordance with Council's meeting (Item 7.4) of 11 December 2012 Council has endorsed the concept of a Community Hub in the Dee Why Town Centre. As no business case has been finalised and the Community Hub remains conceptual the project has not been identified for delivery under the current Plan.
- The project is eligible for S.94 funding and it is proposed that all remaining funds in the E5 – Community Centres Reserve will be dedicated to the Community Hub, once a business case has been finalised and the project is listed in the S.94 works program (under a subsequent review). The intent of this part of the report is to identify the future inclusion of the Community Hub as a S.94 funded project.

#### Brookvale Occasional Care Centre and Brookvale Childcare Centre

- The S.94 Plan Projects No.7 Brookvale Occasional Care Centre and No.8 Brookvale Childcare Centre will be substantially completed within the current Financial Year.
- These projects are funded from the E2 – Childrens Services Reserve. As the projects are substantially completed the majority of the E2 – Childrens Services Reserve will be expended by the end of the current Financial Year. An amount of \$30,000 is to be directed to the final delivery of the project, BN5819 – Brookvale Childrens, in the 2013/14 Financial Year. Following the finalisation of these projects and the exhaustion of funds the Reserve will be closed.

#### Walter Gors Reserve and Pedestrian Shared Zone

- The S.94 Plan Projects No.5 Childrens Playground and Terraced Seating – Walter Gors Reserve and No.6 Pedestrian Shared Zone – Howard Avenue to Dee Why Parade have been amalgamated to create BN5856 – Walter Gors Reserve and Shared Walkway Dee Why Parade. The change in title and project number reflects Council's internal procedures.
- The project is to be funded from the E7 – Open Space for Dee Why Town Centre and Surrounds Reserve.

#### Perentie and Dawes Road

- The S.94 Plan Project No.10 Perentie and Dawes Road Open Space – Land Acquisition has been retitled and provided with a new project identifier to reflect Council's internal procedures to create BN6006 – Acquisition of Perentie and Dawes Road Property.
- The project is to be funded from the E9 – Perentie and Dawes Road Open Space Reserve.

#### Pittwater Road Widening

- BN5908 – Pittwater Road Widening and Signal Adjustments is a new S.94 funded project. The project is eligible for S.94 funding and is consistent with the intent for which funds were originally collected.
- The project is to be funded from the E8 – Road and Traffic Management Reserve.

#### Dee Why Traffic and Streetscape Improvements

- The S.94 Plan Projects No.2 Dee Why Street Improvements (Howard and Oaks) – Roads, Footpaths and Landscaping and Nos.11 – 18 have been consolidated under Project BN6061 – Dee Why Design and Construction – Traffic Facilities and Streetscape Works. The proposal results in a simple amalgamation of projects that share similar funding sources. The proposed amalgamation will bring the projects in line with Council's internal procedures and will not impact upon the delivery of the listed projects.
- The project is to be funded from the E7 – Open Space Dee Why Reserve and E8 – Road and Traffic Management Reserve.

#### Bus Interchange

- The S.94 Plan Project No.3 Bus Interchange Pittwater Road – Shelter Expansion has been retitled and provided with a new project identifier to reflect Council's internal procedures to create BN6062 – Bus Interchange Pittwater Road at St Davids Reserve.
- The project is to be funded from the E7 – Open Space Dee Why Reserve.

### **Reserves**

#### E6 – Open Space Medium Density

- There are remaining funds within the E6 – Open Space Medium Density Reserve however all projects listed against this Reserve have been completed.
- Remaining funds are to be redirected to the embellishment of the Dawes and Perentie Road property following acquisition, consistent with the intent for which the funds were originally collected.
- Pending development of a business case the embellishment of the Dawes and Perentie Road property will be listed in the S.94 works program (under a subsequent review). The intent of this part of the Report is to identify the future inclusion of the embellishment of the Dawes and Perentie Road property as a S.94 funded project.

#### E4 – Sportsfield Embellishment

- Funds within the E4 – Sportsfield Embellishment Reserve are to be directed to the reimbursement of funds that were spent out of S.94A, depreciation and working capital for the provision of Floodlighting at Nolans Reserve and the upgrade of facilities including the provision of a new disabled amenity at Passmore Reserve. The works that were undertaken are consistent with the intent for which the funds were originally collected. Following the reimbursement, the Reserve will be exhausted and closed.

#### Child Care Reserve – Austlink

- Funds were collected for the provision of a child care facility under the Child Care Reserve – Austlink however the provision of a facility was not pursued. The Child Care Reserve – Austlink Reserve will be closed and funds will be directed to the delivery and finalisation of the Brookvale Occasional Care Centre and Brookvale Childcare Centre. The redirection of remaining funds to these projects is consistent with the intent for which the funds were originally collected.

#### Drainage Mermaid Pool Restoration

- Funds within the Drainage Mermaid Pool Restoration Reserve have been expended consistent with the intent for which the funds were originally collected. The Reserve is to be closed.

#### Drainage Stormwater Information Signs

- Funds within the Drainage Stormwater Information Signs Reserve have been expended consistent with the intent for which the funds were originally collected. The Reserve is to be closed.

#### Subdivisions Belrose

- Funds were collected prior to 1992 under the Subdivisions Belrose Reserve for open space acquisition and embellishment however were not expended. The Subdivisions Belrose Reserve will be closed and funds will be redirected to contribute to the Acquisition and Embellishment of land in Perentie Road. The redirection of remaining funds to this project is consistent with the intent for which the funds were originally collected.

The proposed changes are visually demonstrated in Attachment 2.

A full copy of the draft *Warringah Section 94A Development Contributions Plan 2013*, incorporating the amendments listed above, has been included as Attachment 1 to this report.

#### **Public Exhibition**

Clause 26(4) of the Regulation 2000 requires Council to exhibit its draft Development Contributions Plan for a minimum of 28 days. Accordingly, it is proposed that the draft *Warringah Section 94A Development Contributions Plan 2013* be placed on public exhibition for a period of 34 days between 15 April 2013 and 17 May 2013 to invite public comment. The primary subject of this public exhibition is the revised S.94 and S.94A works program under Parts 5 and 6 of the *Warringah Section 94A Development Contributions Plan 2013*. Clause 32 of the Regulation states that a Council may only amend a Contributions Plan by adopting a subsequent Contributions Plan. Accordingly all aspects of this draft *Warringah Section 94A Development Contributions Plan 2013* will be open for public comment.

**CONCLUSION**

The annual review of Council's developer contributions plan and associated Capital Expenditure plan has been undertaken. It is now appropriate to seek public comment on the draft *Warringah Section 94A Development Contributions Plan 2013*.

**POLICY IMPACT**

Nil

**FINANCIAL IMPACT**

Nil. Funding of the draft works program is budgeted from developer contributions that have been collected.





# WARRINGAH

## SECTION 94A

### **DRAFT** DEVELOPMENT CONTRIBUTIONS PLAN 2013



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Prepared by Warringah Council

Adopted **DATE**

Effective from 1 July 2013

## **PART 1**

### **Summary Schedule**

The Schedule of Works contained in Part 5 of this Plan identifies the public facilities for which a Section 94A (s94A) levy will be required.

Levies paid to Council (in accordance with the rates set out in the Summary Schedule below) will be applied towards meeting the cost of provision or augmentation of these public facilities in the identified financial years.

#### **Summary schedule for Section 94A Contributions Plan**

<b>Type of Development</b>	<b>Levy</b>
All development applications and applications for Complying Development Certificates whose total costs amount to less than \$100,001.	Nil
All development applications and applications for Complying Development Certificates with a total cost from \$100,001 - \$200,000 (excluding exempt development, s96 applications to modify development consent and development applications proposed by Council).	0.5 percent
All development applications and applications for Complying Development Certificates with a total cost exceeding \$200,000 (excluding exempt development, s96 applications to modify development consent and development applications proposed by Council).	1.0 percent

Conditions authorised by this Plan are subject to any direction given by the Minister under section 94E (s94E) of the Act.

Funds collected under this Plan will be allocated toward the delivery of \$5,132,214 worth of projects in the 2013/14 financial year. A full list of projects to be funded has been included in Part 5 of this Plan.

Any relevant Ministerial direction under section 94E of the Act which has been made and is in force from time to time is included in the Attachment to this Plan. Refer to Appendix A of this Plan for the content of relevant Ministerial directions.

## **PART 2**

### **Introduction**

#### **What is a Section 94A Development Contributions Plan?**

Under Section 94A of the *Environmental Planning and Assessment (EP&A) Act 1979*, Council may levy a flat rate contribution towards, or recoup the capital cost of providing or extending facilities, infrastructure and services necessary to meet the increased demand created by new development in its area.

Section 94A of the Act provides as follows:

#### **94A Fixed development consent levies**

- (1) *A consent authority may impose, as a condition of development consent, a requirement that the applicant pay a levy of the percentage, authorised by a contributions plan, of the proposed cost of carrying out the development.*
- (2) *A consent authority cannot impose as a condition of the same development consent a condition under this section as well as a condition under section 94.*
- (2A) *A consent authority cannot impose a condition under this section in relation to development on land within a special contributions area without the approval of:*
  - (a) *the Minister, or*
  - (b) *a development corporation designated by the Minister to give approvals under this subsection.*
- (3) *Money required to be paid by a condition imposed under this section is to be applied towards the provision, extension or augmentation of public amenities or public services (or towards recouping the cost of their provision, extension or augmentation). The application of the money is subject to any relevant provisions of the contributions plan.*
- (4) *A condition imposed under this section is not invalid by reason only that there is no connection between the development the subject of the development consent and the object of expenditure of any money required to be paid by the condition.*
- (5) *The regulations may make provision for or with respect to levies under this section, including:*
  - (a) *the means by which the proposed cost of carrying out development is to be estimated or determined, and*
  - (b) *the maximum percentage of a levy.*

The Section 94A Development Contributions Plan is the mechanism by which the entitlements under Section 94A of the Act are implemented and accounted for by Council. The Plan also includes a Works Program (Part 5) outlining when and where the new works will be provided.

The Plan is implemented through the development process by attaching conditions to any development consents or complying development certificates that meets the requirements of this Plan.

Warringah Council has levied contributions for a range of facilities and services under previous Section 94 Development Contributions Plans. The preparation of this Plan provides the opportunity to implement a new, simplified development contributions structure that will improve the efficiency and flexibility of community facility provision, in a manner that best meets the needs of the population for which the contribution was levied.

**PART 3****Administration and Operation****1 What is the name of this Section 94A Development Contributions Plan?**

This development contributions plan is called the *Warringah Section 94A Development Contributions Plan 2013*.

**2 What is the purpose of this Contributions Plan?**

The primary purposes of this Contributions Plan are:

- (1) To authorise, as a condition of development consent upon effected development applications and complying development certificates, the imposition of a contribution pursuant to Section 94A of the *EP&A Act 1979*,
- (2) To assist the Council to provide the appropriate public facilities which are required to maintain and enhance amenity and service delivery within the area,
- (3) To publicly identify the purposes for which the levies are required, and
- (4) To include a revised Section 94 Works Program which will enable the expenditure of Council's existing Section 94 reserves.

**3 When does this Development Contributions Plan commence?**

This Contributions Plan commences on 1 July 2013.

**4 What plans does this Contributions Plan repeal?**

This Plan repeals the *Warringah S94A Development Contributions Plan 2012* adopted by Council on 24 July 2012 and in operation on 1 August 2012.

All remaining funds collected under the *Warringah Section 94 Development Contributions Plan 2001* are to be applied toward completing the Works Program in the *Warringah Section 94 Development Contributions Plan 2001* in accordance with the revised Section 94 Works Schedule included within Part 6 of this Plan. Upon full completion of the Section 94 Works Program, any remaining funds are to be pooled into the development contributions reserve established as part of this Plan (clause 16) and used upon works listed in Part 5.



**5 Land to which this Plan applies**

This Plan applies to all land within the local government area of Warringah.

**6 Development to which this Plan applies**

This Plan applies to all applications for development consent and complying development certificates proposing works whose total development cost is \$100,001 or greater.

The 'total development cost' is determined having accounted for each of the contributing cost factors set out within clause 25J of the *EP&A Regulation 2000* (included as Clause 7 of this plan) and through the full and accurate completion (to the satisfaction of Council) of the Cost Summary Sheet lodged with the development application or complying development application.

Development that satisfies any one (or more) of the following criteria are exempt from this Plan and from payment of the s94A levy:

- (1) Development applications and complying development applications whose total development cost is less than \$100,001;
- (2) Applications lodged under Section 96 of the *EP&A Act 1979* to modify condition/s of an existing consent;
- (3) Development applications and complying development applications for public purposes as proposed by:
  - a) Council, that involve the use of land classified as Community or Operational under the *Local Government Act 1993* or as Crown Land under the *Crown Lands Act 1989*;
  - b) Government agencies;
  - c) Public utility providers.

Development which complies with the Ministerial direction under Section 94E dated 10<sup>th</sup> November 2006 and includes development:

- a) For the purpose of disabled access;
- b) For the sole purpose of affordable housing;
- c) For the purpose of reducing the consumption of mains-supplied potable water, or reducing the energy consumption of a building;
- d) For the sole purpose of the adaptive reuse of an item of environmental heritage; or



- e) Other than the subdivision of land, where a condition under section 94 of the Act has been imposed under a previous development consent relating to the subdivision of the land on which the development is proposed to be carried out.

To avoid any doubt with regard to item (e) above, the Department of Planning's Development Contributions – Practice Notes 2005, provides that *'the Section 94E direction prohibits the use of Section 94A in respect of development that has been the subject of a condition under Section 94 under a previous development consent relating to the subdivision of the land on which the development is to be carried out.'*

**7 How is the total development cost determined?**

Clause 25J of the EP&A Regulation 2000 sets out how to determine the total cost of development.

**25J Section 94A levy—determination of proposed cost of development**

- (1) *The proposed cost of carrying out development is to be determined by the consent authority, for the purpose of a section 94A levy, by adding up all the costs and expenses that have been or are to be incurred by the applicant in carrying out the development, including the following:*
  - (a) *if the development involves the erection of a building, or the carrying out of engineering or construction work—the costs of or incidental to erecting the building, or carrying out the work, including the costs (if any) of and incidental to demolition, excavation and site preparation, decontamination or remediation,*
  - (b) *if the development involves a change of use of land—the costs of or incidental to doing anything necessary to enable the use of the land to be changed,*
  - (c) *if the development involves the subdivision of land—the costs of or incidental to preparing, executing and registering the plan of subdivision and any related covenants, easements or other rights.*
- (2) *For the purpose of determining the proposed cost of carrying out development, a consent authority may have regard to an estimate of the proposed cost of carrying out the development prepared by a person, or a person of a class, approved by the consent authority to provide such estimates.*
- (3) *The following costs and expenses are not to be included in any estimate or determination of the proposed cost of carrying out development:*
  - (a) *the cost of the land on which the development is to be carried out,*

- (b) *the costs of any repairs to any building or works on the land that are to be retained in connection with the development,*
- (c) *the costs associated with marketing or financing the development (including interest on any loans),*
- (d) *the costs associated with legal work carried out or to be carried out in connection with the development,*
- (e) *project management costs associated with the development,*
- (f) *the cost of building insurance in respect of the development,*
- (g) *the costs of fittings and furnishings, including any refitting or refurbishing, associated with the development (except where the development involves an enlargement, expansion or intensification of a current use of land),*
- (h) *the costs of commercial stock inventory,*
- (i) *any taxes, levies or charges (other than GST) paid or payable in connection with the development by or under any law,*
- (j) *the costs of enabling access by disabled persons in respect of the development,*
- (k) *the costs of energy and water efficiency measures associated with the development,*
- (l) *the cost of any development that is provided as affordable housing,*
- (m) *the costs of any development that is the adaptive reuse of a heritage item.*

**8 Cost summary reports must accompany development applications or applications for complying development certificates**

A development application or application for a complying development certificate is to be accompanied by a Cost Summary Report that addresses the matters set out in clause 25J of the *EP&A Regulation 2000* (refer clause 7 of this Plan).

For development with a total cost of \$100,001 or greater, a Cost Summary Report (addressing the matters contained in Appendix B) is to be completed and certified by a person who is considered to be suitably qualified in the opinion of Council.

Council may request the provision of an independent Cost Summary Report (addressing the matters contained within Appendix B) that is certified by a registered quantity surveyor for larger developments or where a major discrepancy in a Cost Summary Report is detected.

**9 Construction certificates and the obligation of accredited certifiers**

In accordance with clause 146 of the *EP&A Regulation 2000*, a certifying authority must not issue a construction certificate for building work or subdivision work under a

development consent unless it has verified that each condition requiring the payment of levies has been satisfied.

In particular, the certifier must ensure that the applicant provides a receipt(s) confirming that levies have been fully paid and copies of such receipts must be included with copies of the certified plans provided to the council in accordance with clause 142(2) of the *EP&A Regulation 2000*. Failure to follow this procedure may render such a certificate invalid.

The only exceptions to the requirement are where Council has agreed to works in kind, material public benefit or dedication of land as alternatives to payment of the s94A levy. In such cases, Council will issue a letter confirming that an alternative payment method has been agreed with the applicant.

**10 How will the levy be calculated?**

The levy will be determined on the basis of the rate as set out in the Summary Schedule, contained within Part 1 of this Plan. The levy will be calculated as follows:

$$\text{Levy payable (O)} = C \times D$$

Where:

**C** is the levy rate applicable

**D** is the proposed cost of carrying out the development

The proposed cost of carrying out the development will be determined in accordance with clause 25J of the *EP&A Regulation 2000*. The procedures set out in Appendix B to this Plan must be followed to enable the council to determine the amount of the levy to be paid.

Council may review the valuation of works and may seek the services of an independent person to verify the costs. In these cases, all costs associated with obtaining such advice will be at the expense of the applicant and no construction certificate will be issued until such time that the levy has been paid.

**11 When is the levy payable?**

A levy must be paid to Council at the time specified in the condition that imposes the levy. If no such time is specified, the levy must be paid prior to the issue of a subdivision certificate, construction certificate or complying development certificate.

**12 How will the levy be adjusted?**

Contributions required as a condition of consent under the provisions of this plan will be adjusted at the time of payment of the contribution in accordance with the following formula:

$$\text{Contribution at time of payment} = O + A$$

Where:

**O** is the original contribution as set out in the consent

**A** is the adjustment amount which is =  $\frac{C_0 \times (\text{Current CPI} - \text{Base CPI})}{\text{Base CPI}}$

Where:

**Current CPI** is the Consumer Price Index for 'Sydney – All Groups' as published by the Australian Bureau of Statistics available at the time of review of the contribution rate, and

**Base CPI** is the Consumer Price Index for 'Sydney – All Groups' as published by the Australian Bureau of Statistics at the date of adoption of this plan.

Note: In the event that the Current CPI for Sydney is less than that for the previous quarter, the Current CPI for Sydney shall be taken as not less than the previous.

**13 Can deferred or periodic payments be made?**

Council does not permit deferred or periodic payments of the Section 94A levy under this Plan.

**14 How are credits for existing development addressed in this Plan?**

No credits or levy discounts of any kind are issued for either existing development or prior approvals.

**15 Are there alternatives to the payment of the s94A levy?**

An applicant may only elect to forgo to the payment of monetary contributions upon effected development through the following means:



- (1) By Council accepting an offer by an applicant to satisfy the contribution by carrying out works in kind, but only where the facility is identified in the works program and it is constructed by the developer to Council's standards and then transferred to Council. In these circumstances, Council will only transfer paid contributions on receipt of invoices not exceeding the amount already collected or committed by the fund.
- (2) By both Council and the applicant entering into a written planning agreement in accordance with Section 93F, Practice Notes and Guidelines, whose terms and conditions are voluntarily agreed to and signed by both parties. The agreement:
  - a) May be for the payment of a monetary contribution, the dedication of land free of cost, any other public benefit, or any combination of these, to be used for or applied toward a public purpose (as defined in the Dictionary of this Plan); and
  - b) Is not invalid by reason only that there is no connection between the development and the works or expenditure of any money it proposes.

Applicants proposing to enter into a planning agreement should enquire with Council with regard to the relevant procedures prior to the lodgement of their development application.

#### **16 Pooling of levies**

This plan expressly authorises Section 94A levies paid for different purposes to be pooled and applied progressively for the delivery of the community facilities and infrastructure listed in the Works Schedule in Part 5 of this Plan. The priorities for the expenditure of the levies are shown in this Works Schedule.

#### **17 How will Council use collected contributions?**

Council is to use the funds collected under this Plan toward meeting the cost of providing the community facilities listed in the Schedule of Works of this Plan (Part 5). Subject to s93E(2) of the Act and Clause 15 of this Plan, the community facilities listed in Part 5 are to be provided in accordance with the staging set out within Part 5.

A proportion of all funds collected (0.05%) will be pooled in a separate Council account for use toward ongoing forward planning and administration of development contribution funds. Funds collected in this account will be used to:

- (1) Periodically engage consultants to undertake forward planning studies informing the use of development contributions;

- (2) To fund the full time employment of Council's Senior Strategic Planner (S94);
- (3) To fund 30% of the costs of a Management Accounting position within Council.

**18 In what circumstances are s94A levies to be refunded?**

Levies collected from a developer under this Plan will only be refunded upon the formal surrender or lapsing of the relevant development consent to which the contribution was applied.

**19 Is a contributions register kept?**

Council maintains a register of all developer contributions collected and the details of all Voluntary Planning Agreements enacted through a condition of development consent. The Contributions Register can be inspected at Council's offices and contains the following information:

- (1) Each Development Consent which levied contributions for facilities; and
- (2) The address to which the development consent was issued, date when contributions are received and the amount; or
- (3) A detailed account of the monetary contribution, land dedication or other material public benefit negotiated and signed off through any Voluntary Planning Agreement, including a full copy of the agreement.

**20 Plan will be subject to annual review**

Council is to undertake an annual review of the works included in the Schedule of Works within Part 5 of this Plan, including the maintenance of a record of completed works and the introduction of new community facilities into the Schedule in place of those completed.



## **PART 4**

### **Expected Development and Demand for Public Facilities**

Residential population growth and employment generation from new industrial, commercial and retail developments will increase demand on Council's existing public amenities and facilities. To ensure that the community's enjoyment of public facilities is not diminished by population growth Council must augment its existing facilities, and where possible, provide new facilities to accommodate the additional demand.

#### **Residential Population Growth**

The Sydney Metropolitan Strategy, *City of Cities: A Plan for Sydney's Future* has set the North East Subregion (comprising the Warringah, Pittwater and Manly local government areas) a target of 17,300 new dwellings from 2006 to 2031. The draft North East Subregional Strategy has set Warringah's share of this dwelling target at 10,300 dwellings.

On 16 December 2010 the Department of Planning released the Metropolitan Plan for Sydney 2036 which was the scheduled five year update to the Metropolitan Strategy 2005. The Metropolitan Plan updated all Subregional housing and employment targets within the Sydney Region. The housing target for the North East Subregion has been increased to 29,000 between 2006 and 2036. Warringah's share of the updated dwelling target will be determined as part of the review of the North East Subregional Strategy.

Below is an overview of recent trends in population and residential development within the Warringah local government area:

- The total population of Warringah increased by 2.2% between 2001 and 2006 which equates to an annual growth rate of approximately 0.44%.
- The total Estimated Residential Population (ERP) of Warringah increased from 139,163 to 147,611 representing a population increase of 8,448 or 6.1% between 2006 and 2011. This equates to an annual growth rate of approximately 1.19% representing a significant increase in residential population growth between 2006 and 2011.
- Overall, population growth within Warringah is relative to the Sydney Statistical Division which, over the same period (2006 – 2011), experienced a population increase of approximately 6.6% or 1.29% per year.
- Between October 1998 and December 2012 approximately 6,397 additional dwellings have been approved. This equates to an average of 457 new dwellings per annum. Councils Residential Development Strategy 2000 (RDS) set a target of new 7200 dwellings between the years 1998 and 2021.
- The draft North East Subregional Strategy requires Council to plan for sufficient zoned land to accommodate their local government area housing targets through their Local

Environmental Plans (LEP). In the absence of set dwelling targets for the Warringah local government area under the Metropolitan Plan for Sydney 2036 Council is well placed to meet its dwelling target as contained within the RDS.

Future residential development within Warringah is going to place additional demand on existing community infrastructure. In order to accommodate the additional growth, Council must increase provision of new community facilities in-line with the growth in development.

### **Non-Residential Population Growth**

The Sydney Metropolitan Strategy and Draft North East Subregional Strategy also sets a target of 19,500 additional jobs between 2006 and 2031. Warringah's share of this target is 12,500 jobs which equates to approximately 64% of the employment target for the Subregion. In order to achieve this target, Council may have to consider changes to its planning controls to facilitate the renewal of under-utilised lands to achieve these higher employment densities.

The updated employment target as contained within the Sydney Metropolitan Plan 2036 will increase to 23,000 jobs between 2006 and 2036.

In 2008, the Shore Regional Organisation of Councils (SHOROC), representing Warringah, Mosman, Manly and Pittwater Councils, commissioned the preparation of the '*SHOROC Regional Employment Study, March 2008*' (the employment study). The employment study was to assist in the refinement of the *draft North East Subregional Strategy*, *draft Inner North Subregional Strategy*, and in the preparation of a Regional Economic Development Strategy. The SHOROC Employment Study identifies the economic, social and environmental trends which will influence employment growth within the region and identifies key strategies and principles to better enable the region to accommodate employment growth to 2031.

The study has identified that within Warringah demand for employment in the retail, commercial and industrial sectors will continue to grow to 2016 with floorspace predicted to increase by 25,801m<sup>2</sup>, 54,970m<sup>2</sup> and 5,830m<sup>2</sup> respectively. Between 2016 and 2031, demand for industrial floorspace is expected to reduce slightly, however demand for commercial and retail floorspace will continue to increase.

The main employment lands within Warringah are located in Dee Why, Frenchs Forest, Brookvale Industrial area, Forestville, and Austlink (Forest Way north precinct). Both the commercial and industrial areas have developed generally in line with population growth over the past decade. However, Council anticipates that more land will need to be made available in order to promote the employment objectives of the Metropolitan Strategy.

This non-residential development will create demand for the provision or upgrading of roads and traffic management facilities and civic improvements.

### **Rationale for Development Levy**

As an established local government area, Warringah does not currently have any identified land release areas. State Government and Council strategic land use policies place significant restrictions on additional subdivision and development on the fringes of Warringah's urban areas and focuses development within existing centres. As such, the emphasis of development contribution expenditure in Warringah will increasingly take the form of upgrades and augmentations to existing community facilities, as opposed to new land dedications and facilities required to service 'new' residential areas.

There are a number of factors that have traditionally influenced the ability of Council to deliver community facilities in a manner that matches demand using a traditional Section 94 approach:

1. Difficulties defining and maintaining the nexus between who contributes toward the cost of developing community facilities and who the users of the facilities are. The ability to apportion the costs of new community facilities strictly to new populations is increasingly difficult in highly urbanised local government areas such as Warringah. The users of community facilities are increasingly willing to travel to any part of Warringah to access community services, placing an undue burden on specific development to contribute toward their provision.
2. Low apportionments under a traditional Section 94 model. The proportion of works funded by development contributions can only match the proportion of new population into this area. Accordingly, new populations moving into established urban areas cannot be expected to fund the entire cost of these upgraded or augmented facilities that are enjoyed by the entire community. Employing this approach again through a new development Contributions Plan will not enable Council to collect the funds required to deliver community facilities at a rate that matches demand.

These problems are overcome through the adoption of a levy which is based on a fixed percentage of the total cost of development. Funds collected under this system are pooled into a single reserve and are used to fund the provision of new public facilities and services in locations where Council has identified demand, through the ongoing residential and non-residential growth. This demand has led to the inclusion of specific projects within the Schedule of Works in the Plan.

With the majority of development types proposed in Warringah requiring development consent, including some of the most minor forms of residential development, there is justification for the application of a 'development value threshold' which would exempt these smaller developments from the fee being levied. The intent of a 'contribution free' threshold is to relieve smaller



developments with negligible impact on the demand for additional community facilities from having to pay the levy. The contributions free threshold is set at \$100,000, in-line with Clause 25K of the EP&A Regulation 2000.

## **PART 5**

### **Section 94A Schedule of Works**

This Part lists the works to be funded by contributions collected under the provisions of this plan.

This part has been compiled based upon Council's existing strategies, Plans of Management for community land and needs analysis for a range of public purposes throughout the Warringah local government area and are to be completed using funds collected under this Plan. Inclusion of works within this Schedule follows their assessment through Council's *Capital Justification and Evaluation Process* as being a high priority on the basis of community need, safety and risk to Council.

This Schedule of Works is to be progressively updated to reflect adjustment to the CPI, the completion of the listed works and to add new projects as the Schedule nears completion. Where applicable, the location of these projects has been mapped at Appendix C.

Project No	Suburb	Project Type	Description of Works	S.94A Allocation	Preferred Year to Start	Council Team
5123	Dee Why	Facility	Dee Why Beach Viewing Tower	\$220,000	2013/14	Buildings, Properties and Spatial information
5819	Brookvale	Facility	Brookvale Childrens	\$553,976	2013/14	Buildings, Properties and Spatial information
5862	Allambie Heights	Open Space	Allenby Park track Upgrades	\$90,000	2013/14	Natural Environment
5863	Collaroy	Open Space	Collaroy Accessibility Precinct	\$409,000	2013/14	Parks Reserves and Foreshores
5866	Narrabeen	Open Space	Narrabeen Lagoon	\$2,334,459	2013/14	Natural Environment
				\$2,286,898	2014/15	
5881	Various	Open Space / Facilities	Sports Capital Assistance Program	\$350,000	2013/14	Parks Reserves and Foreshores
				\$200,000	2014/15	
5898	Various	Sportsfields	Sportsfield Water Management Program	\$134,836	2013/14	Parks Reserves and Foreshores
6022	Various	Footpaths	Priority PAMP Projects	\$318,000	2013/14	Roads, Traffic and Waste
6028	Terrey Hills	Traffic	Wombat Crossing Near Myoora Road	\$59,000	2013/14	Roads, Traffic and Waste
6030	Frenchs Forest	Traffic	Dareen Street, Frenchs Forest – Traffic Calming	\$149,000	2013/14	Roads, Traffic and Waste
6031	Manly Vale	Traffic	King Street, Manly Vale – Traffic Calming	\$59,000	2013/14	Roads, Traffic and Waste
6039	Narrabeen	Open Space / Facilities	Berry Reserve and Jameison Park Upgrades	\$54,943	2013/14	Parks Reserves and Foreshores
6060	Various	Civic	Digital Resources – Libraries	\$50,000	2013/14	Library Services
6433	Narrabeen	Open Space	North Narrabeen – Landscape Masterplan Development and Implementation	\$50,000	2013/14	Parks Reserves and Foreshores
6459	Brookvale	Facilities	Brookvale Oval – DDA Lift	250,000	2013/14	Buildings, Properties and Spatial

Project No	Suburb	Project Type	Description of Works	S.94A Allocation	Preferred Year to Start	Council Team
						information
6479	North Curl Curl	Open Space	North Curl Curl Bush/Park Area	\$50,000	2013/14	Parks Reserves and Foreshores



**Part 6****Section 94 Schedule of Works**

This Part lists the works to be funded by existing Section 94 contributions collected under the Section 94 Development Contributions Plans 2001.

The projects listed within the Section 94 Schedule of Works (Part 6), and the allocation of funds for these projects, reflects the intent under which the funds were originally collected.

The location of each project has been mapped in Appendix D. However please note that these maps are only indicative and are subject to more specific detailed design.

Project Number	Project	Section 94 Obligation	Section 94 Reserve	Timing/ Delivery
BN5800	Dee Why Town Centre Parking and Community facility	\$6,686,080	E10 – Dee Why Parking E5 – Community Centre Dee Why	2013/14
BN5819	Brookvale Childrens	\$30,000	E2 – Child Care Centre Brookvale	2013/14
BN5856	Walter Gors Reserve and Shared Walkway Dee Why Parade	\$3,294,684	E7 – Open Space for Dee Why Town Centre and Surrounds	2015/16
BN5908	Pittwater Road Widening and Signal Adjustments	\$387,975	E8 – Road and Traffic Management Reserve	2014/15
		\$370,000		2015/16
BN6006	Acquisition of Perentie and Dawes Road Property	\$2,319,670	E9 – Perentie and Dawes Road Open Space Reserve and E6 – Open Space Medium Density	2014/15
BN6061	Dee Why Design and Construction – Traffic Facilities and Streetscape Works	\$150,000	E7 – Open Space Dee Why Reserve and E8 – Road and Traffic Management Reserve	2013/14
		\$300,000		2014/15
		\$330,000		2015/16
		\$6,442,398		2016/17
BN6062	Bus Interchange Pittwater Road at St Davids Reserve	\$1,021,000	E7 – Open Space for Dee Why Town Centre and Surrounds	2015/16

Note: The works program has been updated to reflect projects commencing in the 2013/14 financial year. The timing of projects occurring in outlying financial years are subject to change as part of an annually scheduled review of the S.94A Plan.

## **Part 7**

### **References**

This Plan has been compiled with reference to the guidelines provided from the following key documents:

- *Department of Infrastructure Planning and Natural Resources, Development Contributions – Practice Note, 2005*
- *Department of Planning, Draft Local Development Contribution Guideline, November 2009*
- *Department of Planning, Metropolitan Plan for Sydney, 2036*
- *Department of Planning, Metropolitan Strategy for Sydney, 'City of Cities – A Plan for Sydney's Future' 2005*
- *Department of Planning, draft North East Subregional Strategy 2007*
- *ID Consulting, Warringah Council Community Profile, 2013*
- *SHOROC Regional Employment Study, March 2008*
- *Warringah Council, Warringah Local Environmental Plan 2011*
- *Warringah Council, Draft Warringah Community Strategic Plan 2013*
- *Warringah Council, Warringah Council Section 94 Development Contributions Plan 2001*
- *Warringah Council, Warringah Section 94A Development Contributions Plan 2012*
- *Warringah Council, Warringah Local Environmental Plan 2000*
- *Warringah Bike Plan 2010*
- *Warringah Pedestrian Access and Mobility Plan 2011*
- *Warringah Playground Strategy 2007*

## Dictionary

In this Plan, unless the context or subject matter otherwise indicates or requires, the following definitions apply:

**Act** means the *Environmental Planning and Assessment Act 1979*.

**Council** means Warringah Council.

**Regulation** means the *Environmental Planning and Assessment Regulations 2000*.

**Total development cost** means the cumulative cost of all factors listed in clause 25J of the Regulations and clause 6 of this Plan.

**Public purpose** includes (without limitation) any of the following:

- (a) the provision of (or the recoupment of the cost of providing) public amenities or public services,
- (b) the provision of (or the recoupment of the cost of providing) affordable housing,
- (c) the provision of (or the recoupment of the cost of providing) transport or other infrastructure relating to land,
- (d) the funding of recurrent expenditure relating to the provision of public amenities or public services, affordable housing or transport or other infrastructure,
- (e) the monitoring of the planning impacts of development,
- (f) the conservation or enhancement of the natural environment.

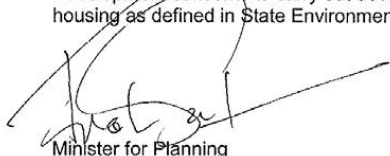
**APPENDIX A: Applicable Direction under section 94E of the Act****ENVIRONMENTAL PLANNING AND ASSESSMENT ACT 1979****Revocation of Direction in force under section 94E  
And Direction under section 94E**

I, the Minister for Planning:

1. Pursuant to sections 4(8) and 94E of the *Environmental Planning and Assessment Act 1979* ("the Act"), revoke the direction in force under section 94E of the Act made by Craig Knowles, the former Minister for Infrastructure and Planning, on 6 November 2000, in relation to development applications to carry out development under *State Environmental Planning Policy No 5 – Housing for Older People or People with a Disability* ("SEPP 5"). This revocation applies to development applications made on or after commencement of *State Environmental Planning Policy (Seniors Living) 2004 (Amendment No 2)* ("the SEPP").
2. Pursuant to section 94E of the Act, direct consent authorities that there are no public amenities or public services in relation to which a condition under Division 6 of Part 4 of the Act may be imposed on the class of development consents identified in Schedule A granted to a social housing provider as defined in the SEPP. This direction applies to development applications made by such a social housing provider on or after commencement of the SEPP.

**Schedule A**

Development consents to carry out development for the purposes of any form of seniors housing as defined in *State Environmental Planning Policy (Seniors Living) 2004*.

  
Minister for Planning

Sydney, 14 Sep 2007.

**ENVIRONMENTAL PLANNING AND ASSESSMENT ACT 1979**

**DIRECTION UNDER SECTION 94E**

I, the Minister for Planning, under section 94E of the *Environmental Planning and Assessment Act 1979* ("the Act"), direct consent authorities that:

(1) The maximum percentage of the levy for development under section 94A of the Act, having a proposed cost within the range specified in the Table to Schedule A, is to be calculated in accordance with that Table.

(2) Despite subclause (1), a levy under section 94A of the Act cannot be imposed on development:

- a) for the purpose of disabled access,
- b) for the sole purpose of affordable housing,
- c) for the purpose of reducing the consumption of mains-supplied potable water, or reducing the energy consumption of a building,
- d) for the sole purpose of the adaptive reuse of an item of environmental heritage, or
- e) other than the subdivision of land, where a condition under section 94 of the Act has been imposed under a previous development consent relating to the subdivision of the land on which the development is proposed to be carried out.

In this direction words and expressions used have the same meaning as they have in the Act. The term "item" and "environmental heritage" have the same meaning as in the *Heritage Act 1977*.

This direction does not apply to development applications and applications for complying development certificates finally determined before 1 December 2006.



FRANK SARTOR, M.P.,  
Minister for Planning,  
Sydney.  
[Dated: 10 November 2006]

**SCHEDULE A**

Proposed cost of the development	Maximum percentage of the levy
Up to \$100,000	Nil
\$100,001–\$200,000	0.5 percent
More than \$200,000	1.0 percent



**APPENDIX B**

(clause 8)

**Procedure for determination of a s94A levy**

A cost summary report is required to be submitted to allow council to determine the contribution that will be required.

To avoid doubt, section 25J of the *Environmental Planning and Assessment Act 1979* sets out the items that are included in the estimation of the construction costs by adding up all the costs and expenses that have been or are to be incurred by the applicant in carrying out the development, including the following:

- if the development involves the erection of a building, or the carrying out of engineering or construction work—the costs of or incidental to erecting the building, or carrying out the work, including the costs (if any) of and incidental to demolition, excavation and site preparation, decontamination or remediation,
- if the development involves a change of use of land—the costs of or incidental to doing anything necessary to enable the use of the land to be changed,
- if the development involves the subdivision of land—the costs of or incidental to preparing, executing and registering the plan of subdivision and any related covenants, easements or other rights.

The items and components of the following form should be used as guide in determining the total cost of a development, for the purpose of determining the s94A levy that applies.

*Sample Cost Summary Report*

### Cost Summary Report

DEVELOPMENT APPLICATION No.  REFERENCE

CONSTRUCTION CERTIFICATE No.  DATE

APPLICANT'S NAME:

APPLICANT'S ADDRESS:

DEVELOPMENT NAME:

DEVELOPMENT ADDRESS:

**ANALYSIS OF DEVELOPMENT COSTS:**

Demolition and alterations	\$	Hydraulic services	\$
Structure	\$	Mechanical services	\$
External walls, windows and doors	\$	Fire services	\$
Internal walls, screens and doors	\$	Lift services	\$
Wall finishes	\$	External works	\$
Floor finishes	\$	External services	\$
Ceiling finishes	\$	Other related work	\$
Fittings and equipment	\$	Sub-total	\$

Sub-total above carried forward	\$
Preliminaries and margin	\$
<b>Sub-total</b>	\$
Consultant Fees	\$
Other related development costs	\$
<b>Sub-total</b>	\$
Goods and Services Tax	\$
<b>TOTAL DEVELOPMENT COST</b>	\$

I certify that I have:

- inspected the plans the subject of the application for development consent or construction certificate.
- calculated the development costs in accordance with the definition of development costs in the S94A Development Contributions Plan of Warringah Council at current prices.
- included GST in the calculation of development cost.

Signed:

Name:

Position and Qualifications:

Date:

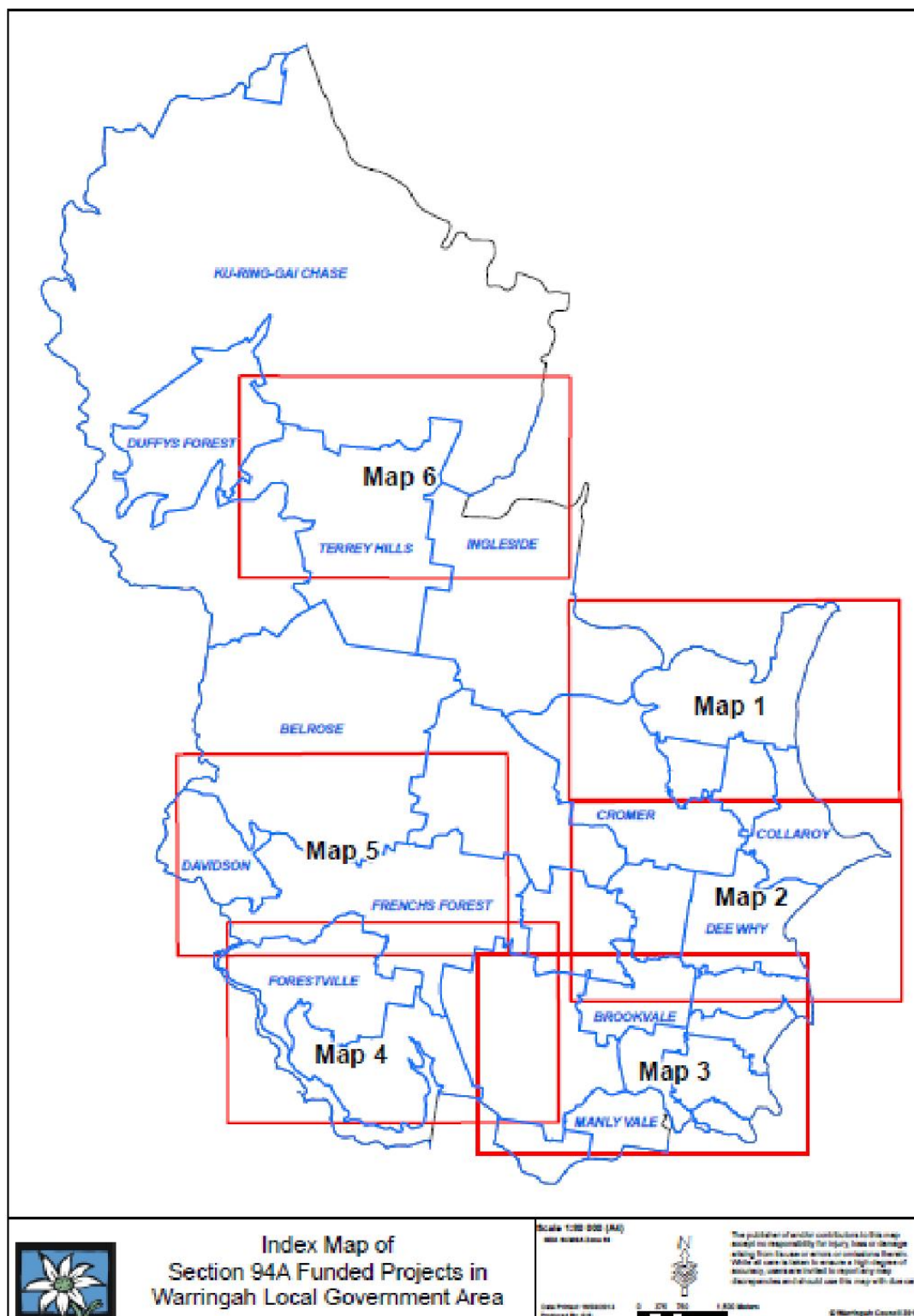
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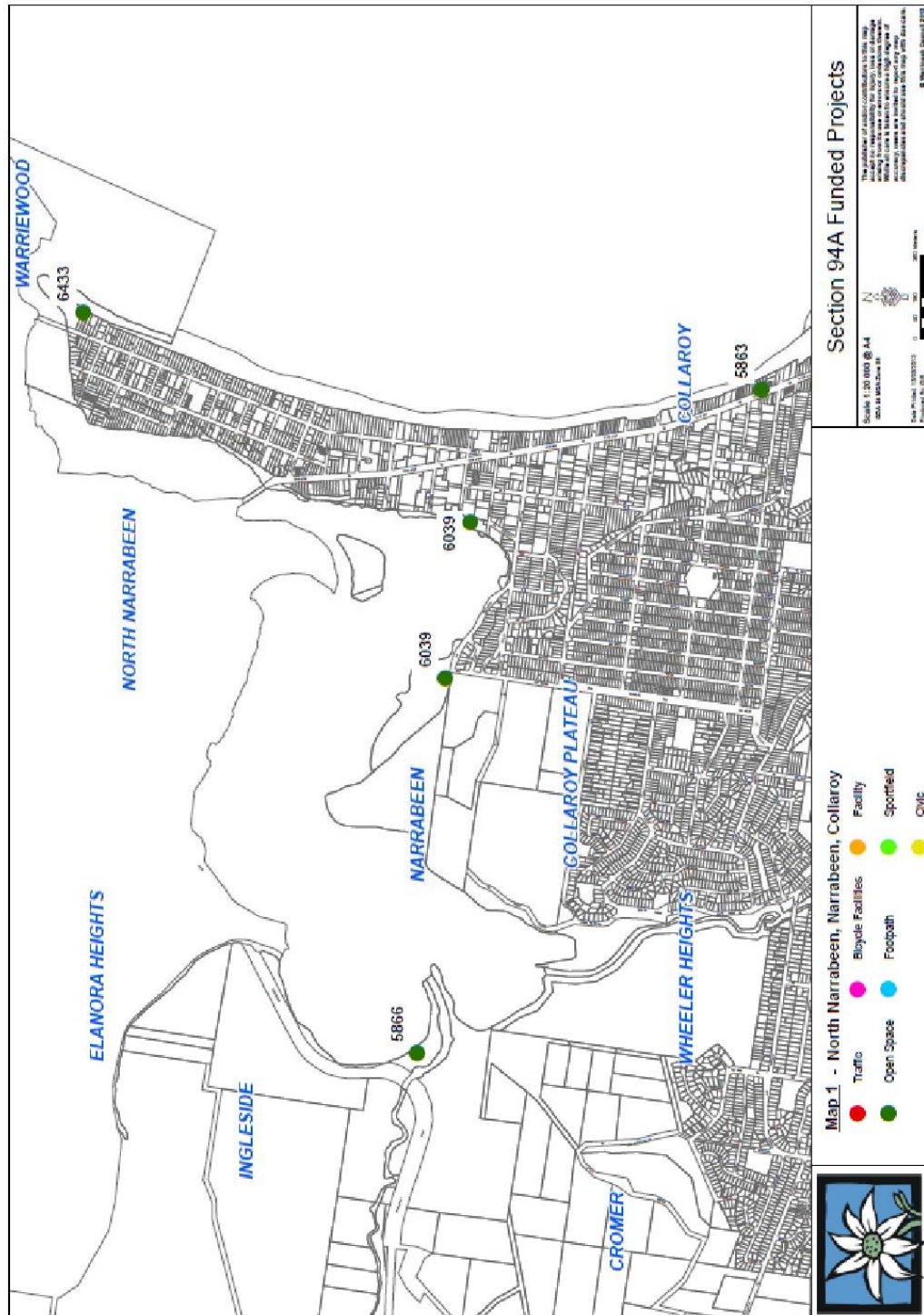
## **APPENDIX C**

(Part 5)

### **Location of Section 94A Funded Work**

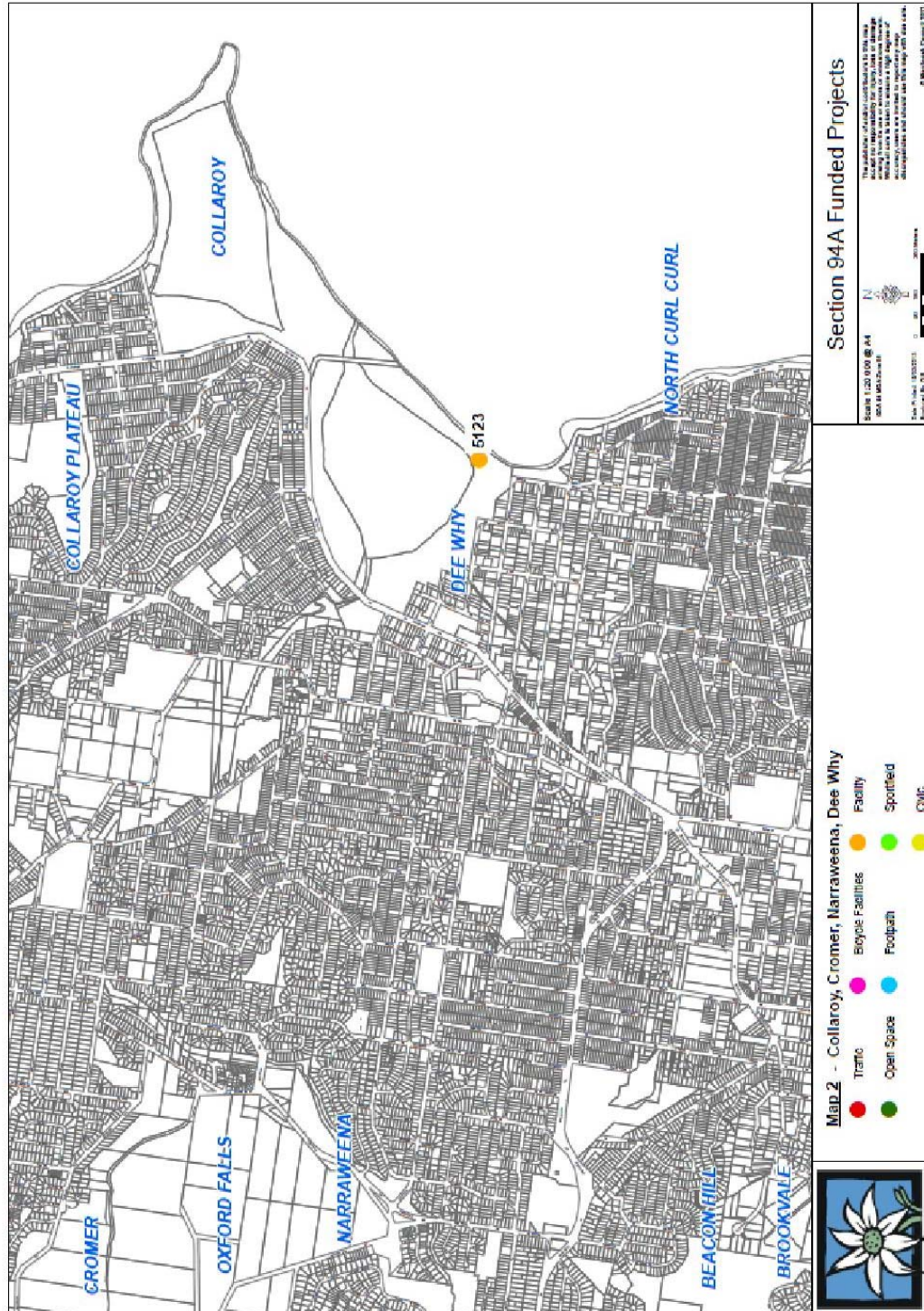






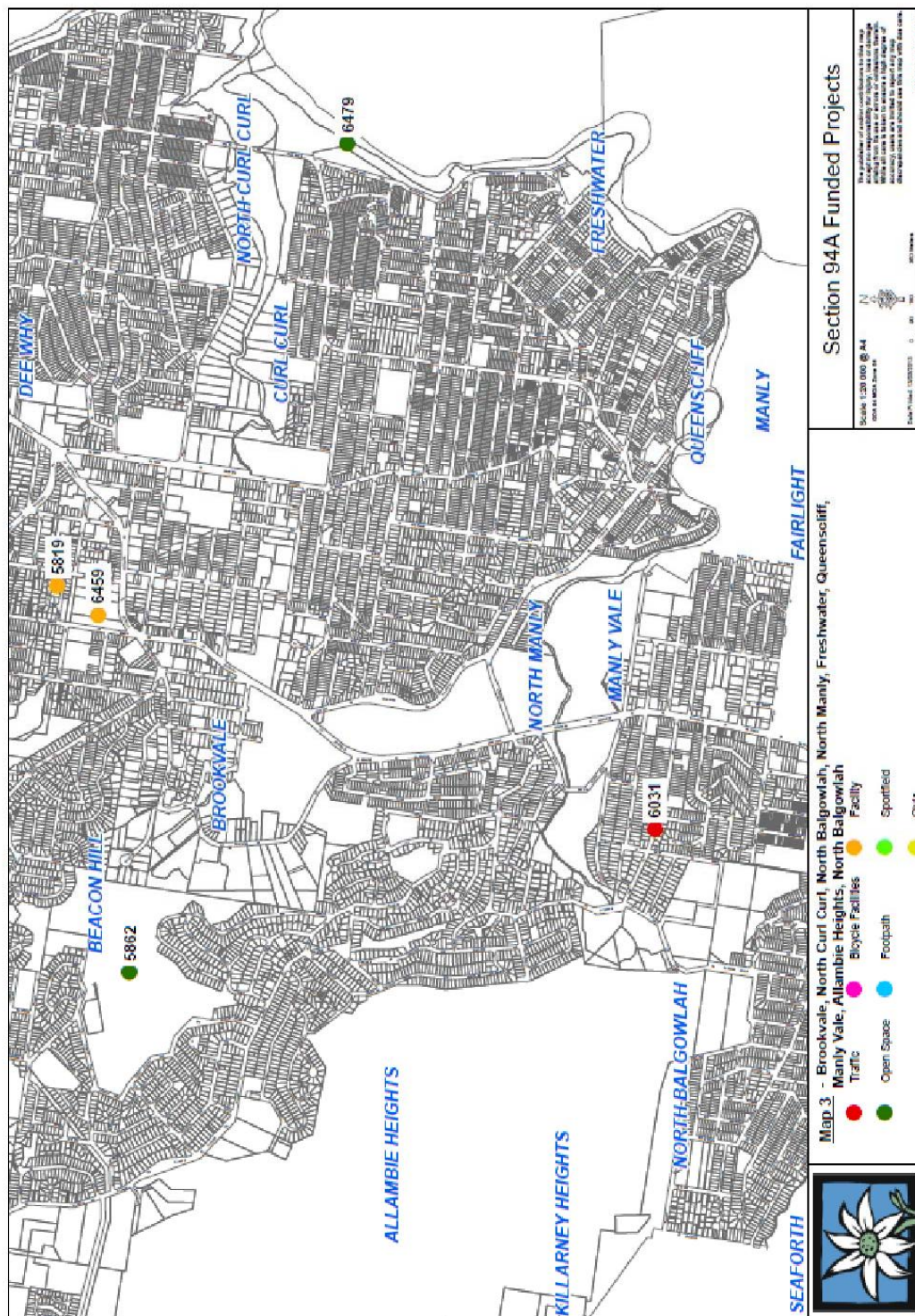
\*Please note Projects 5881, 5898, 6022, and 6060 have not been identified on the map. These projects are to be delivered in accordance with Councils Priority Delivery Programs or in various locations. See relevant program for project detail.





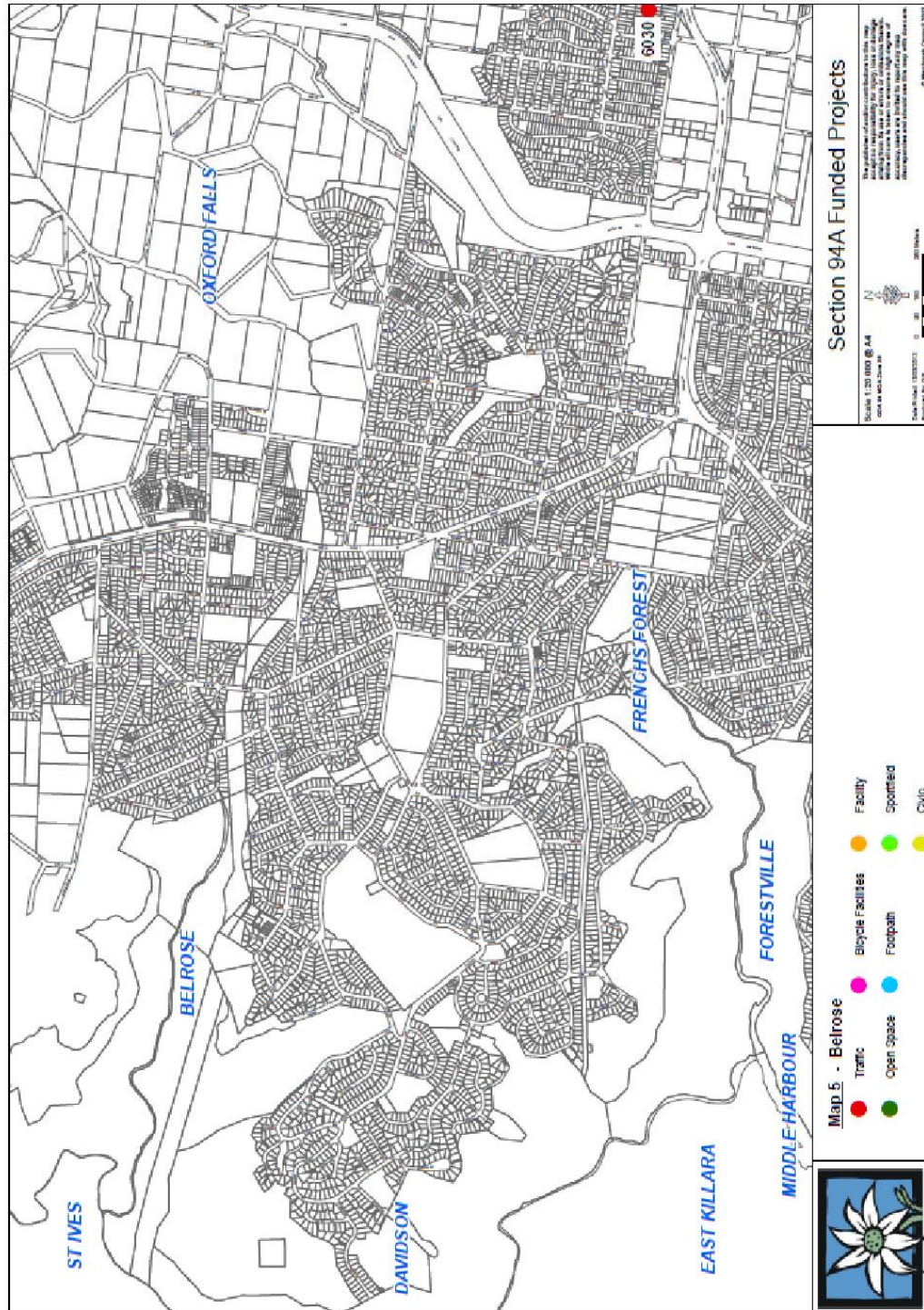
\*Please note Projects 5881, 5898, 6022, and 6060 have not been identified on the map. These projects are to be delivered in accordance with Councils Priority Delivery Programs or in various locations. See relevant program for project detail.



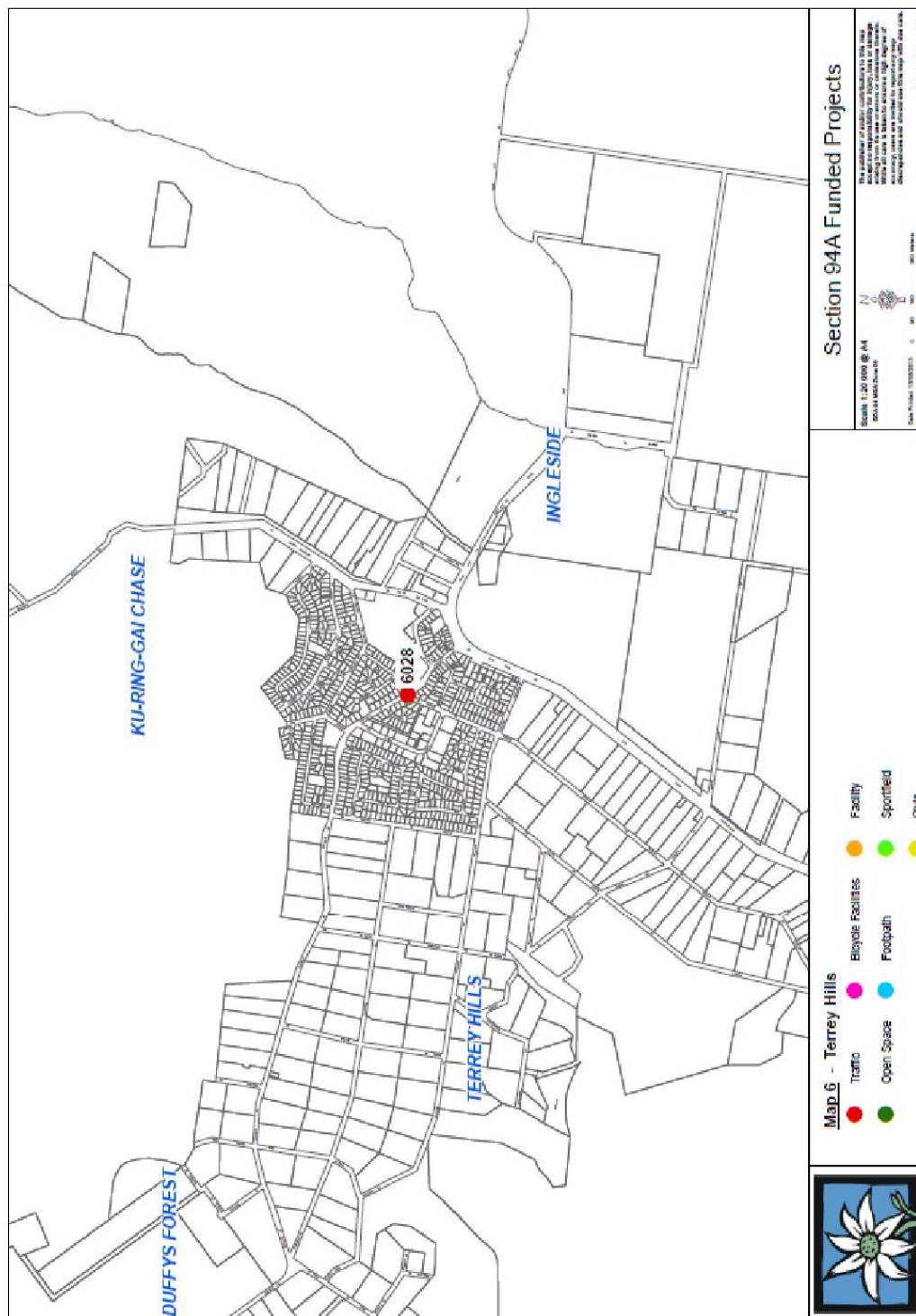


\*Please note Projects 5881, 5898, 6022, and 6060 have not been identified on the map. These projects are to be delivered in accordance with Councils Priority Delivery Programs or in various locations. See relevant program for project detail.





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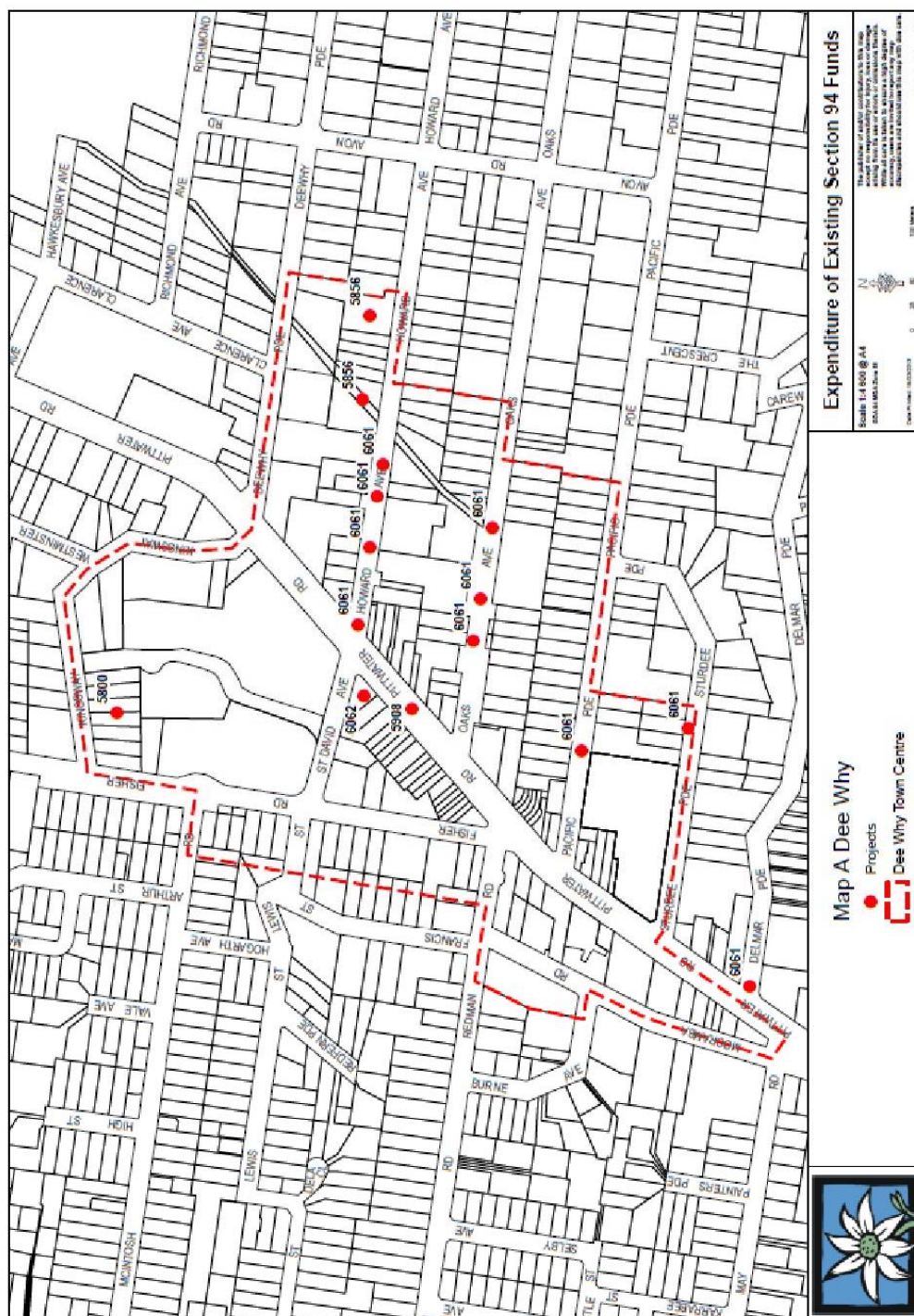
**APPENDIX D**

(Part 6)

**Location of Section 94 Funded Works**

DRAFT





*\*Please note that these locations are only indicative and are subject to final design. The Dee Why Town Centre is outlined in red on the above map.*



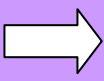
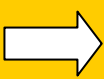
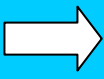
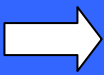
*\*Please note that these locations are only indicative and are subject to final design.*





*\*Please note that these locations are only indicative and are subject to final design.*

**Attachment 2: Reconciliation of Projects – Warringah Section 94 Development  
Contributions Plan 2001**

Old Plan		Proposed			
No.	Description		No.	Description	Funding Source
1	Dee Why Parking		BN5800	Dee Why Town Centre Parking and Community Facility	E5 – Community Centres and E10 – Dee Why Parking
4	Community Centre – Dee Why Town Centre				
N/A	N/A		N/A	Embellishment of Perentie and Dawes Road Property* *As no business case has been finalised the project has not been identified for delivery under the current Plan.	E6 – Open Space Medium Density Reserve
N/A	N/A		N/A	Dee Why Community Hub* *As no business case has been finalised the project has not been identified for delivery under the current Plan.	E5 – Community Centres
N/A	N/A		BN5908	Pittwater Road Widening and Signal Adjustments* *This is a new project.	E8 – Road and Traffic Management Reserve
7	Brookvale Occasional Care Centre		BN5819	Brookvale Childrens* *Projects have been substantially completed and will be finalised in the 2013/14 Financial Year.	E2 – Childrens Services
8	Brookvale Childcare Centre				
5	Childrens Playground and Terraced Seating – Walter Gors Reserve		BN5856	Walter Gors Reserve and Shared Walkway Dee Why Parade	E7 – Open Space for Dee Why Town Centre and Surrounds
6	Pedestrian Shared Zone – Howard Avenue to Dee Why Parade				
11	Traffic Works Sturdee Parade - LATM Treatment		BN6061	Dee Why Design and Construction – Traffic Facilities and Streetscape Works	E7 – Open Space Dee Why Reserve and E8 – Road and Traffic Management Reserve
12	Traffic Works Delmar Parade - LATM Treatment				
13	Traffic Works Oaks Avenue - Pedestrian crossing facilities				
14	Traffic Works Howard Avenue - Pedestrian crossing facilities				
15	Traffic Works Pacific Parade - At grade paving, calming devices				
16	Traffic Works Oaks Avenue - At grade paving, calming devices				
17	Traffic Works Howard Avenue - At grade paving, calming devices				
18	Traffic Works Howard Avenue - Bus Shelters (3) Taxi Shelters (2)				
2	Dee Why Street Improvements (Howard and Oaks) – Roads, Footpaths and Landscaping				
10	Perentie and Dawes Road Open Space – Land Acquisition		BN6006	Acquisition of Perentie and Dawes Road Property	E9 – Perentie and Dawes Road Open Space Reserve
3	Bus Interchange Pittwater Road – Shelter Expansion		BN6062	Bus Interchange Pittwater Road at St Davids Reserve	E7 – Open Space for Dee Why Town Centre and Surrounds



## 12.0 CONFIDENTIAL MATTERS – CLOSED SESSION

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### RECOMMENDATION

- A. That, on the grounds and for the reasons stated below, the Council resolve into Closed Session to receive and consider the items identified as Confidential and listed on this Agenda as:

Item 12.1 Kimbriki Access Roads Infrastructure Works

#### **Matters to be Discussed During Closed Session - Section 10D**

Item 12.1 Kimbriki Access Roads Infrastructure Works

#### **Grounds on which Matter Should be Considered in Closed Session – Section 10A(2)**

Item 12.1 10A(2)(d(ii)) commercial information of a confidential nature that would, if disclosed, confer a commercial advantage on a competitor of the council

#### **Reason Why Matters are being considered in Closed Session – Section 10B**

To preserve the relevant confidentiality, privilege or security of such information.

- B. That pursuant to Section 10A Subsections 2 & 3 and 10B of the Local Government Act 1993 (as amended), the press and public be excluded from the proceedings of the Council in Closed Session on the basis that the items to be considered are of a confidential nature.
- C. That the closure of that part of the meeting for the receipt or discussion of the nominated item or information relating thereto is necessary to preserve the relevant confidentiality, privilege or security of such information.
- D. That the Minutes and Business Papers including any reports, correspondence, documentation or information relating to such matter be treated as Confidential and be withheld from access by the press and public, until such time as the reason for confidentiality has passed or become irrelevant because these documents relate to a matter specified in section 10A(2).
- E. That the resolutions made by the Council in Closed Session be made public after the conclusion of the Closed Session and such resolutions be recorded in the Minutes of the Council Meeting.
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