Merger Proposal:
Pittwater Council
Warringah Council (part)

JANUARY 2016
Figure 1: Proposed new local government area

Proposed merger: Pittwater and Warringah (part)

Data sources: Land and Property Information
Datum and Projection: GDA94
Figure 2: Close up of proposed new boundary between Manly/Mosman/Warringah and Pittwater/Warringah
MINISTER’S FOREWORD

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

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

After considering the clear need for change, the Independent Local Government Review Panel (ILGRP) research and recommendations, the assessment of councils by the Independent Pricing and Regulatory Tribunal (IPART), council merger preferences, community views and the unique needs and characteristics of each area, I am putting forward the proposal to merge the local government area of Pittwater with the majority of the local government area of Warringah.

The proposed merger will create a council better able to meet the needs of the community into the future and will provide significant benefits for the community.

This document details the benefits the merger will provide to communities, including:

- a total financial benefit of $49 million over a 20 year period that can be reinvested in better services and more infrastructure;
- a projected 67 per cent improvement in annual operating results;
- potentially reducing the reliance on rate increases through Special Rate Variations (SRVs) to fund local infrastructure;
- greater capacity to effectively manage and reduce the infrastructure backlog;
- improved strategic planning and economic development to better respond to the changing needs of the community;
- effective representation by a council with the required scale and capacity to meet the future needs of the community; and
- providing a more effective voice for the area’s interests and better able to deliver on priorities in partnership with the NSW and Australian governments.

With the merger savings, NSW Government funding of $20 million – and a stronger voice – the larger council will be better able to provide the services and infrastructure that matter to the community. Projects like:

- working with the NSW Government to complete the B-Line bus rapid transit project;
- more integrated management of the Narrabeen Lagoon and Narrabeen Lagoon Catchment area;
- preserving and improving access to the coastal environment for the benefit of local residents and to enhance tourism, including improved coastal and estuary management;
- improving bush regeneration, weed control and fencing initiatives across the region, including areas along the Wakehurst Parkway or Mona Vale Road;
- common parking system to deliver a reciprocal permit;
- a new strategic centre at the Northern Beaches Hospital Precinct, with health-related land uses, focused around the new Northern Beaches Hospital; and
- preservation of Pittwater – the largest harbour in Sydney outside of Sydney Harbour.

The savings, combined with the NSW Government’s policy to freeze existing rate paths for four years, will ensure that ratepayers get a better deal.

A suitably qualified delegate of the Chief Executive of the Office of Local Government will consider this proposal against criteria set out in the Local Government Act (1993), and undertake public consultation to seek community views.

I look forward to receiving the report on the proposal and the comments from the independent Local Government Boundaries Commission.

Minister Paul Toole
January 2016
EXECUTIVE SUMMARY

The communities of Pittwater and the Northern Warringah share many common characteristics and will benefit by up to $49 million from a merged council with a stronger capability to deliver on community priorities and meet the future needs of its residents.

Introduction

This is a proposal by the Minister for Local Government under section 218E(1) of the Local Government Act (1993) for the merger of the Pittwater local government area with the northern part of the Warringah local government area. This merger proposal sets out the impacts, benefits and opportunities of creating an expanded council.

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

The proposal has been informed by four years of extensive council and community consultation and is supported by independent analysis and modelling by KPMG.

The proposal is broadly consistent with the Independent Pricing and Regulatory Tribunal’s (IPART) 2015 assessment that each of these two councils is ‘not fit’ to remain as a standalone entity.

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

The expanded council for the new local government area will not only oversee an economy that shares many similar residential, workforce and industry characteristics, but will have enhanced scale and capacity to help it deliver on local infrastructure priorities such as the Northern Beaches Hospital Precinct and proposed Bus Rapid Transit.

Impacts, Benefits and Opportunities

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

Analysis by KPMG shows the expanded council has the potential to generate net savings to council operations. The merger is expected to lead to around $29 million in net financial savings over 20 years.

Council performance will also be improved with a projected 67 per cent increase in annual operating results achieved within 10 years. This means that there will be a payback period of three years after which the merger benefits will exceed the expected merger costs.

The analysis also shows the proposed merger is expected to generate, on average, around $3 million in savings every year from 2020 onwards. Savings will primarily be from the removal of back office and administrative functions; streamlining of senior management roles; efficiencies from

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

2 Operating results refers to the net financial position and is calculated as operating revenue less operating costs. It excludes revenue associated with capital grants and expenditure on capital items.
increased purchasing power of materials and contracts; and reduced expenditure on councillor fees.³

The NSW Government has announced a funding package to support merging councils which would result in $20 million being made available should the proposed merger proceed.

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

Each of the two councils is currently seeking or has recently sought a Special Rate Variation (SRV) from IPART. For example:

- Pittwater Council had an approved cumulative SRV of 12.1 per cent over a three year period from 2011-12; and
- Warringah Council has an approved cumulative SRV of 7.9 per cent over a four year period from 2014-15.

The proposed merger is also expected to result in simplified council regulations for residents and businesses in the Pittwater and Warringah council areas, given each council is currently responsible for separate and potentially inconsistent regulatory environments. Regulatory benefits include consistency in approaches to development approvals, health and safety, building maintenance, traffic management and waste management.

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

This could assist in:

- reducing the existing $32 million infrastructure backlog across the Pittwater and Warringah area;
- improving liveability and boosting housing supply to meet population growth;
- supporting economic growth and urban development while enhancing the standard of living and lifestyle that local residents value; and
- protecting the natural environment, including unique environmental areas such as the Narrabeen lagoon.

While a merged council will increase the current ratio of residents to elected councillors, the new ratio is likely to be comparable with levels currently experienced by other communities across Sydney.

**Next Steps**

This merger proposal will be referred for examination and report under the *Local Government Act (1993).*

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

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


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*Figure 2: Map showing boundaries for the proposed new council with Blacktown City Council highlighted for comparison*
INTRODUCTION

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

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

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

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

Pittwater and Warringah councils each submitted *Fit for the Future* proposals to remain as standalone councils. In assessing each council’s submission, IPART determined that neither of the councils were ‘fit’ to stand alone and that a merger was needed to achieve the required scale and capacity to meet the needs of residents now and in the future.

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

*Box 1 Overview of scale and capacity*

**Key elements of ‘scale and capacity’**

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

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

The proposed expanded council will be responsible for infrastructure and service delivery to more than 140,000 residents across the Pittwater and Northern Warringah area of Sydney.

The creation of an expanded council provides the opportunity to bring together the communities from across the local government areas of Pittwater and Northern Warringah. These communities have similar lifestyles, use similar services and have a common identity based on similar socio-economic profiles and proximity to the coastal environment. They also have similar population growth outlooks.

This proposal suggests mergers and boundary rearrangements to bring together communities with similar priorities and create a council with the appropriate scale and capacity to effectively deliver on behalf of residents and meet future community needs.

The expanded council will be responsible for infrastructure and service delivery to around 167,000 residents by 2031. This reflects the expected population growth across the area of 1.0 per cent per annum.4

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

- delivering a new Northern Beaches Hospital and supporting the development of a new strategic centre around at the Northern Beaches Hospital Precinct;
- delivering the B-Line bus rapid transit project to improve transport connections from the Northern Beaches to the Sydney CBD;
- protecting the natural environment and promoting its sustainability and resilience, with a focus on improving the health and resilience of the marine estate including the foreshore, tributaries and aquatic habitats of Pittwater, the coast and the area’s beaches; and
- working with councils to identify suitable locations for housing and employment growth coordinated with infrastructure delivery and transport services.

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

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

In addition, while IPART found that each of the two Pittwater and Warringah councils satisfies financial performance criteria, it also found that each council’s ability to effectively advocate for community priorities is affected by a lack of scale and capacity. A merged council will improve this, with an enhanced scale and capacity to better plan and coordinate investment in critical infrastructure and services. This should also put the expanded council in a better position to advocate to the NSW and Australian governments for the regional investments that will be needed for the future.

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4 NSW Department of Planning & Environment (2014), NSW Projections (Population, Household and Dwellings).
Figure 3: Council profiles

<table>
<thead>
<tr>
<th></th>
<th>Pittwater Council</th>
<th>Warringah Council (part)</th>
<th>New Council</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population</strong></td>
<td>63,338</td>
<td>77,343</td>
<td>140,681</td>
</tr>
<tr>
<td><strong>Area</strong></td>
<td>90 sq km</td>
<td>124 sq km</td>
<td>214 sq km</td>
</tr>
<tr>
<td><strong>IPART Rating</strong></td>
<td>NOT FIT</td>
<td>NOT FIT</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Revenue</strong></td>
<td>$77.1m</td>
<td>$77.9m</td>
<td>$193.6m (projected 2019-2020)</td>
</tr>
<tr>
<td><strong>Operating Result</strong></td>
<td>$4.7m</td>
<td>$5.6m</td>
<td>+$4.4m projected improvement to 2019-20 operating results</td>
</tr>
<tr>
<td><strong>Asset Base</strong></td>
<td>$374.0m</td>
<td>$671.1m</td>
<td>$1.0bn</td>
</tr>
<tr>
<td><strong>Infrastructure Backlog</strong></td>
<td>5 per cent</td>
<td>2 per cent</td>
<td>3 per cent</td>
</tr>
</tbody>
</table>

Notes:
- The new council will likely have enhanced scale and capacity to better meet the future service and infrastructure needs of the community.
- 2013-14 operating revenue figures were corrected on 20 January 2016.


Note: Totals may not sum due to rounding. Estimates of the new council’s operating performance and financial position is based on an aggregation of each existing council’s projected position as stated in respective Long Term Financial Plans (2013-14). In addition, it is assumed efficiency savings are generated from a merger, and this is reflected in the projected 2019-20 operating result for the new council. Further details are available in NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.
BENEFITS, OPPORTUNITIES AND IMPACTS

The proposed merger has the potential to provide a $49 million benefit to communities over 20 years which could support investment in critical local infrastructure and services and/or be utilised to address rate pressures.

Financial Benefits of the Proposed Merger

Analysis by KPMG in 2015 shows the proposed merger has the potential to generate net financial savings of around $29 million to the expanded council over 20 years. Council performance will also be improved with a projected 67 per cent increase in annual operating results achieved within 10 years. The proposed merger is also expected to generate, on average, around $3 million in savings every year from 2020 onwards. Consequently, the merged council will have a balance sheet that is stronger and in a better position to meet local community needs and priorities.

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

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

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

- removal of duplicate back office and administrative functions and streamlining senior management roles ($26 million);
- efficiencies generated through increased purchasing power of materials and contracts ($10 million); and
- a reduction in the overall number of elected officials that will in turn reduce expenditure on councillor fees (estimated at $0.9 million).

Due to boundary adjustments in this proposed merger, the estimated benefits and costs are apportioned based on population in each proposed new council area.

NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.


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\(^{6}\) Due to boundary adjustments in this proposed merger, the estimated benefits and costs are apportioned based on population in each proposed new council area.

\(^{7}\) NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.

\(^{8}\) NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.
In addition, the NSW Government has announced a funding package to support merging councils which would result in $20 million being made available should the proposed merger proceed.

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

Merger benefits could be reinvested to:

- improve infrastructure – annual savings redirected towards infrastructure renewal or capital works including projects like new cycleways, transport interchanges and environmental protection measures. Redeployment of savings could lead to cumulative additional infrastructure expenditure of around $29 million over 20 years;
- enhance service delivery – removal of duplicate back office and administration functions could provide the basis for employing an additional 27 staff for frontline services. This could include services such as libraries and waste management; and/or
- reduce rate pressures – annual savings could be used to reduce the existing dependency on SRVs to fund community infrastructure and/or avoid future rate increases.

The expected operating performance ratio of each council over the next 10 years is illustrated in Figure 5.\(^9\)

\(^9\) Calculation of a council’s operating performance ratio excludes any grants received from the council’s reported operating revenue. This enables comparison of council operating performance based on own-source revenue.
• an asset base of approximately $1 billion to be managed by the merged council;\textsuperscript{10} and
• greater capacity to effectively manage and reduce the $32 million infrastructure backlog across the area by maintaining and upgrading community assets.

**Opportunities for Improved Services and Infrastructure**

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

• maintaining biodiversity and sustained ecosystems in the Pittwater area with the goal of sustainability through strategies such as integrated water cycle management;
• managing coastal erosion hotspots;
• managing weeds and pests in the foreshore of Narrabeen Lakes and Wakehurst Parkway; and
• the further expansion of Warriewood Valley Park, for which planning is currently underway.

**Regulatory Benefits**

There are currently 152 separate regulatory and compliance regimes applied across local council boundaries in NSW. These many layers of regulations are making it hard for people to do business, build homes and access services they need. NSW businesses rated local councils as second to only the Australian Tax Office as the most frequently used regulatory body, and highest for complexity in dealings.\textsuperscript{11} It can be expected that the proposed merger will result in simplified council regulations for many Pittwater and Warringah residents and businesses. Pittwater Council and Warringah Council are each responsible for separate and potentially inconsistent regulatory environments. A merged council provides an opportunity to streamline and harmonise regulations.

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

• a tradesperson who operates a small businesses across the Pittwater and Northern Warringah area will have just a single local council regulatory framework to understand and comply with;
• consistency of car parking regulation and residential parking permits across the area;
• the compliance burden for a café owner with multiple outlets across neighbouring suburbs will be reduced and simplified; and
• residents can have greater confidence that development applications will be subject to a more uniform process than the existing variations in regulations, which can add to the cost and complexity of home renovations and building approvals.

**Impact on Rates**

Each of the two councils has received approval for rate increases to meet local community and infrastructure needs. For example:

• Pittwater Council received approval for a cumulative SRV of 12.1 per cent over a three-year period from 2011-12; and
• Warringah Council has an approved cumulative SRV of 7.9 per cent over a four-year period from 2014-15.

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

\textsuperscript{10} Asset base apportioned based on square kilometres in the proposed new council areas.
\textsuperscript{11} NSW Business Chamber (2012), Red Tape Survey.
In addition, the proposed merger will bring together a range of residential and business premises across the area, providing the expanded council with a large rate base on which to set ratings policies and improve the sustainability of council revenue. Table 1 outlines the mix of business and residential rating assessments that underpin current rate revenue for each existing whole councils in the area.

Table 1: Comparison of rateable businesses and residential properties (total and percentage share)

<table>
<thead>
<tr>
<th>Council</th>
<th>Business rating assessments</th>
<th>Residential rating assessments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pittwater Council</td>
<td>1,892</td>
<td>23,050</td>
</tr>
<tr>
<td></td>
<td>8%</td>
<td>92%</td>
</tr>
<tr>
<td>Warringah Council</td>
<td>3,979</td>
<td>52,847</td>
</tr>
<tr>
<td></td>
<td>7%</td>
<td>93%</td>
</tr>
</tbody>
</table>


Local Representation

The ratio of residents to elected councillors in each of the two existing councils is markedly different. This reflects the wide variation in resident populations. While the proposed merger will change the ratio of residents to elected councillors, the ratio, based on councillor numbers in the existing councils, is likely to be similar to those currently experienced in other Sydney councils, including the more populous Blacktown City Council (Table 2). For the purpose of analysis of merger benefits, this proposal has assumed that the expanded council will have the same number of councillors as Warringah Council, as this has the largest number of councillors of the councils covered by this proposal. The Government welcomes feedback through the consultation process on the appropriate number of councillors for the expanded council.

Some councils in NSW have wards where each ward electorate elects an equal number of councillors to make up the whole council. Community views on the desirability of wards for an expanded council will be sought through the consultation process.

Table 2: Changes to local representation in Pittwater and Warringah

<table>
<thead>
<tr>
<th>Council</th>
<th>Number of councillors</th>
<th>Number of residents (2014)</th>
<th>Residents per councillor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pittwater Council</td>
<td>9</td>
<td>63,338</td>
<td>7,038</td>
</tr>
<tr>
<td>Warringah Council</td>
<td>10</td>
<td>155,289</td>
<td>15,429</td>
</tr>
<tr>
<td>Merged council</td>
<td>10</td>
<td>140,680</td>
<td>14,068</td>
</tr>
<tr>
<td>Blacktown City Council</td>
<td>15</td>
<td>325,139</td>
<td>21,676</td>
</tr>
</tbody>
</table>


The expanded council will be in a position to use its larger scale and capacity to advocate more effectively for the needs of the Pittwater and Northern Warringah communities. As the expanded council will represent a more significant share of Sydney’s population, and have a substantial economic base, it will be able to advocate more effectively on behalf of its residents. It will also be able to develop improved strategic capacity to partner with the NSW and Australian governments, including on major infrastructure initiatives, community services and urban planning and development.

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

The communities across the Pittwater and the Northern part of Warringah area share common characteristics and connections. The proposed expanded council will have enhanced scale and capacity and be better placed to shape and deliver the economic development, community services, and infrastructure that underpin the lifestyle of these communities.

Geography and Environment

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

Local Economy

The local economy is characterised by:

- above average household income compared to the Sydney metropolitan average of $89,210 with average incomes in Pittwater $104,887 and Warringah $101,173;
- moderate growth in employment for both, Pittwater 1.4 per cent and Warringah 1.3 per cent over the period 2008 to 2013, which is below that of Greater Sydney of 1.6 per cent;
- a highly educated population with 66 per cent of Pittwater and 65 per cent of Warringah’s population holding a post-school qualification (compared with 59 per cent for Greater Sydney); and
- similar industry composition across both council areas with businesses particularly active in the delivery of property and business services, hospitality, health care, recreation and tourism.

Professional and Technical Services are the largest sectors in each local authority area. An expanded council for the area would be well-placed to support this established industry and identify and make greater investments in growth industries.

Both Pittwater and Warringah councils have relatively high employment self-containment, as approximately 66 per cent of Pittwater’s residents and 60 per cent of Warringah’s residents work within Sydney’s north eastern region. There is potential for significant employment growth in the Northern Beaches Hospital precinct over the coming years. The proposed merger will create a stronger council, better placed to see that the growth of employment in the Northern Beaches Hospital District is well managed and delivers benefits for the wider Warringah and Pittwater communities.

While residents typically remain within the area to work, the area is relatively well connected in relation to health services, especially through Mona Vale Hospital, as well as the soon-to-open Northern Beaches Hospital, and retail services through the shopping district of Pittwater Place.

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

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12 Unless otherwise specified, references are to the existing whole Local Government Area of Pittwater and Warringah councils.
Population and Housing

The new council will be responsible for infrastructure and service delivery to around 167,000 residents by 2031. Like most regions across NSW, the Pittwater and Warringah area will experience the impacts of an ageing population over the next 20 years (Figure 6).

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

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

*Figure 7: Comparison of councils’ socio-economic profile*

In comparison with the rest of Sydney, the Pittwater and Warringah communities are relatively advantaged from a socio-economic standpoint. The Socio-Economic Index for Areas (SEIFA), illustrated in Figure 7, measures a range of factors to rate an individual council’s relative socio-economic advantage. Each of the
councils in the Pittwater and Warringah area has similar socio-economic profiles with SEIFA scores that are above the State and metropolitan averages. This reflects the common characteristics across the Pittwater and Warringah community in relation to, for example, household income, education, employment and occupation.

The current mix of housing types within Warringah is fairly evenly spread across low-, medium- and high-density housing. Pittwater has a larger proportion of low-density housing. A merged council provides an opportunity to apply a more regional and strategic focus to planning for the additional households and associated amenities that are expected to be required by 2031. This approach can also help to ensure any pressures and challenges associated with population growth and housing development are not unreasonably concentrated in particular neighbourhoods, while maintaining the unique characteristics of each suburb.

**Shared Community Values and Interests**

These communities are bound by their sense of place as a coastal and suburban area and their shared identity as part of the Northern Beaches community. Box 2 provides examples of community organisations, services and facilities that have a presence across the area, which indicates the existence of strong connections between the communities in the existing council areas.

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

<table>
<thead>
<tr>
<th>Shared regional services and facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examples of community services which operate across the area include:</td>
</tr>
<tr>
<td>1. Northern Beaches Community Connect – a community and volunteer-based organisation providing a wide range of social, immigrant, family and legal services across the Northern Beaches area;</td>
</tr>
<tr>
<td>2. Community Care Northern Beaches – provides a wide range of community care services for older people, people with a disability, people with a mental illness, people with dementia, and the carers of these people;</td>
</tr>
<tr>
<td>3. Northern Beaches Lifeline – counselling and crisis support provided through Northern Beaches Lifeline (serviced by volunteers from across the area);</td>
</tr>
<tr>
<td>4. Northern Beaches Hospital – will provide further integration of health services in the area following its opening in 2017;</td>
</tr>
<tr>
<td>5. Warringah and Pittwater share some sporting facilities, including the Pittwater Rugby Park which is used by Warringah Rugby Club.</td>
</tr>
<tr>
<td>6. Surf Life Saving Australia (Northern Beaches Branch) – seeks to provide a safe beach environment across the area;</td>
</tr>
<tr>
<td>7. Radio Northern Beaches – the community-based radio station serving the Northern Beaches area and airing programs predominantly made and presented by local residents; and</td>
</tr>
<tr>
<td>8. Northern Beaches Community College – a not-for-profit business providing a wide range of basic and technical adult educational programs at affordable rates to communities across the area.</td>
</tr>
</tbody>
</table>

The Pittwater and Warringah councils have already been collaborating in a number of ways. For example through:

- promoting improved infrastructure and service delivery outcomes for their communities through the Shore Regional Organisation of Councils (SHOROC) which manages a centralised procurement and contract management service for councils; and
- SHOROC also facilitated negotiations with the NSW Government to achieve a commitment to improving Northern Beaches transport infrastructure. This included advocating for investment in the B-Line bus rapid transit project which is now expected to be up and running by late 2017. This highlights the value of effective regional collaboration and a strong, regional voice for the communities of the Northern Beaches.

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

This proposal to create a merged council has the potential to provide a range of benefits to local communities, including:

• a $49 million net financial benefit over a 20 year period that may be used to deliver better community services, enhanced infrastructure and/or lower rates;
• a projected 67 per cent improvement in annual operating results that will strengthen the council’s balance sheet and free up revenue for critical infrastructure;
• NSW Government funding of $20 million to meet merger costs and provide a head start on investing in services and infrastructure that the savings from mergers will ultimately support;
• greater efficiencies through the removal of back office and administrative functions, increased purchasing power of materials and contracts, and reduced expenditure on councillor fees all of which are expected, on average, to generate savings of around $3 million every year from 2020 onward;
• greater capacity to effectively manage and reduce the $32 million infrastructure backlog across the two councils by maintaining and upgrading community assets;
• reducing the reliance on rate increases through SRVs to fund local community infrastructure projects and services;
• better integrating strategic planning and economic development to more efficiently respond to the changing needs of the community;
• building on the shared communities of interest and strong local identity across the area;
• providing effective representation through a council with the required scale and capacity to meet the future needs of the community; and
• being a more effective advocate for the area’s interests and better able to deliver on priorities in partnership with the NSW and Australian Governments.
NEXT STEPS

Every community will have an opportunity to help shape a new council for their area.

Community Engagement

This merger proposal will be referred to the Chief Executive of the Office of Local Government for examination and report under the Local Government Act (1993). The Chief Executive proposes to delegate this function to a suitably qualified person. The delegate will consider this proposal as required under the Act, including against statutory criteria and hold a public inquiry. The delegate will also undertake public consultation to seek community views. The delegate is also required by the Act to provide the delegate’s report to an independent Boundaries Commission for review and comment. The Minister for Local Government under the legislation may decide whether or not to recommend to the Governor that the merger proposal be implemented. For the factors a delegate must consider when examining a merger proposal (under section 263 of the Local Government Act (1993)), please refer to the Appendix to this document.

Through the merger assessment process, there will be opportunities for communities and stakeholders to consider merger proposals and have their say. Each merger proposal will be the subject of a public inquiry where the community can hear about and discuss the proposal. Through the consultation process, the delegate will ensure that the opinions of each of the diverse communities of the resulting area or areas will be effectively represented.

Further information about the process is available on the Local Government Reform website at www.councilboundaryreview.nsw.gov.au, including:

- details about the proposed mergers;
- information about the delegate for your area;
- dates for public meetings; and
- a portal to provide a written submission.
Appendix

The following table outlines the factors that a delegate must consider under section 263 of the *Local Government Act (1993)* when examining a proposal. The page references outline where the criteria have been addressed in this merger proposal.

<table>
<thead>
<tr>
<th>Legislative criteria</th>
<th>Section reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) the financial advantages or disadvantages (including the economies or diseconomies of scale) of any relevant proposal to the residents and ratepayers of the areas concerned</td>
<td>Benefits, Opportunities and Impacts</td>
</tr>
<tr>
<td>(b) the community of interest and geographic cohesion in the existing areas and in any proposed new area</td>
<td>The Local Community</td>
</tr>
<tr>
<td>(c) the existing historical and traditional values in the existing areas and the impact of change on them</td>
<td>The Local Community</td>
</tr>
<tr>
<td>(d) the attitude of the residents and ratepayers of the areas concerned</td>
<td>There is a public consultation process which includes a public inquiry allowing for the views of residents and ratepayers to be considered.</td>
</tr>
<tr>
<td>(e) the requirements of the area concerned in relation to elected representation for residents and ratepayers at the local level, the desirable and appropriate relationship between elected representatives and ratepayers and residents and such other matters as it considers relevant in relation to the past and future patterns of elected representation for that area</td>
<td>Local Representation</td>
</tr>
<tr>
<td>(e1) the impact of any relevant proposal on the ability of the councils of the areas concerned to provide adequate, equitable and appropriate services and facilities</td>
<td>Benefits, Opportunities and Impacts</td>
</tr>
<tr>
<td>(e2) the impact of any relevant proposal on the employment of the staff by the councils of the areas concerned</td>
<td>Financial Benefits of the Proposed Merger</td>
</tr>
<tr>
<td>(e3) the impact of any relevant proposal on rural communities in the areas concerned</td>
<td>The Local Community</td>
</tr>
<tr>
<td>(e4) in the case of a proposal for the amalgamation of two or more areas, the desirability (or otherwise) of dividing the resulting area or areas into wards</td>
<td>Local Representation</td>
</tr>
<tr>
<td>(e5) in the case of a proposal for the amalgamation of two or more areas, the need to ensure that the opinions of each of the diverse communities of the resulting area or areas are effectively represented</td>
<td>Next Steps</td>
</tr>
<tr>
<td>(f) such other factors as it considers relevant to the provision of efficient and effective local government in the existing and proposed new areas</td>
<td>Benefits, Opportunities and Impacts</td>
</tr>
</tbody>
</table>