



23 February 2016

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

Our Ref: 2016/058128

Dear Minister

**Proposal Under Local Government Act 1993**

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

Council resolved as follows:

*That Council:*

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

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

Yours faithfully

Malcolm Ryan  
Acting General Manager

**Merger Proposal:**

**Manly Council  
Pittwater Council  
Warringah Council**

Warringah Council, February 2016



# FOREWORD

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

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

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

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

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

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

This document details the benefits including:

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

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

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

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

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

Figure 1: Proposed new local government area



# EXECUTIVE SUMMARY

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

## Introduction

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

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

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

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

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

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

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

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

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

Table 1: Conclusions of business case studies

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

### Impacts, Benefits and Opportunities

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

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

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

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

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

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

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

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

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

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

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

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

This could assist in:

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

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

## **Next Steps**

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

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

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

# INTRODUCTION

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

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

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

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

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

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

*Box 1 Overview of scale and capacity*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Figure 3: Council profiles

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

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

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

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

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

# BENEFITS, OPPORTUNITIES AND IMPACTS

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

## Financial Benefits of the Proposed Merger

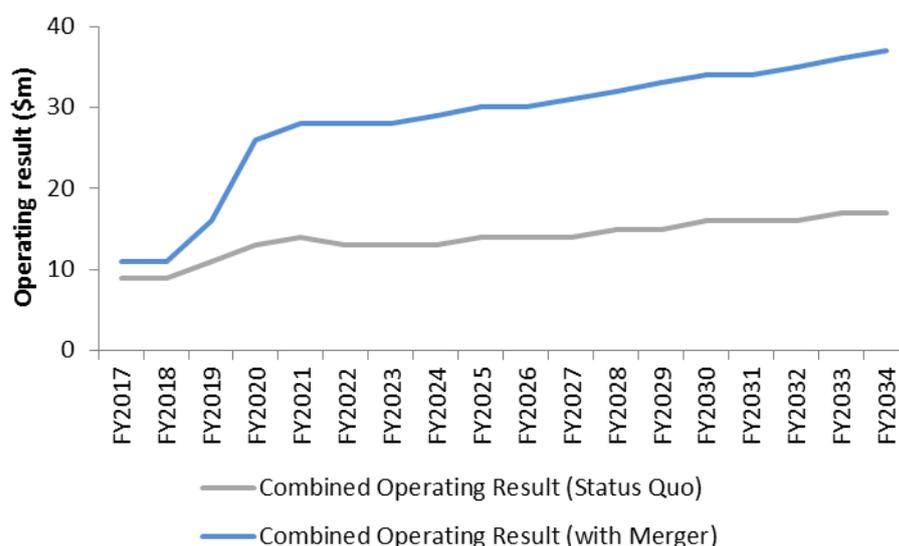
The financial analysis of the merger proposal is based on the published Long Term Financial Plans of Manly, Pittwater and Warringah Councils and the modelling assumptions used by KPMG for the NSW Government’s merger proposals.<sup>8</sup>

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

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

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

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



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

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

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

<sup>9</sup> Ibid.

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

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

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

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

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

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

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

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

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

## Opportunities for Improved Services and Infrastructure

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

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

## Regulatory Benefits

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

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

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

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

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

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

### Impact on Rates

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

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

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

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

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

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

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

## Local Representation

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

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

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

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

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

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

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

*\*\* NSW Government merger proposals*

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

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

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

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

# THE LOCAL COMMUNITY

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

## Geography and Environment

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

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

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

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

## Local Economy

The local economy is characterised by:

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

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

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

The two Strategic Centres provide specialised but also complementary roles:

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

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

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

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

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

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

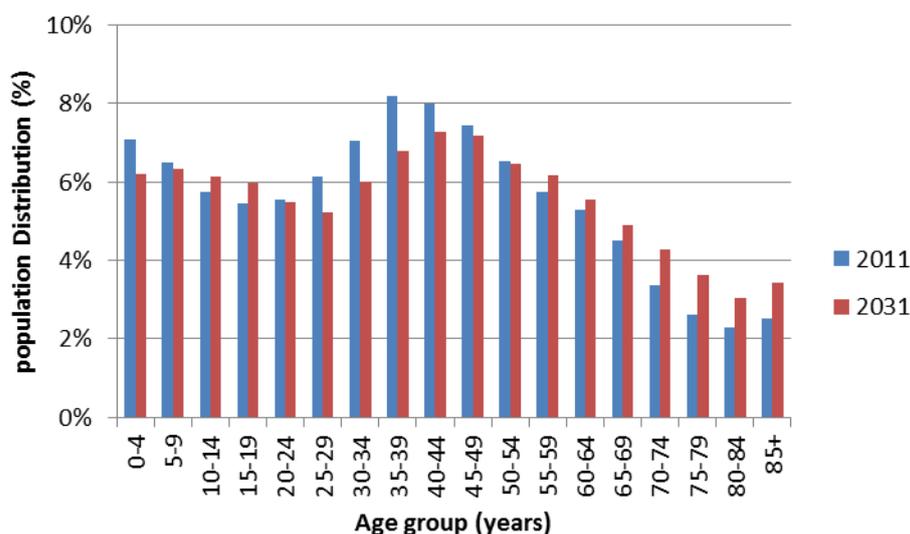
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<sup>12</sup> Transport for NSW, Bureau of Transport Statistics, 2011 Journey to Work data.

## Population and Housing

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

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



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

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

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

Table 5: Comparison of councils' socio-economic profile

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

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

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

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

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

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

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

Examples of community services which operate across the area include:

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

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

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

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

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

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

# CONCLUSION

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

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