



Reference: MC/15/73757

Enquiries: General Manager's Office, Tel (02) 9976 1503

Dr Peter Boxall AO
Chairman
Independent Pricing and Regulatory Tribunal
P. O. Box K35
HAYMARKET POST SHOP 1240

Dear Dr Boxall,

**Re: Manly Council's Response to the NSW Government on
Fit for the Future**

Reference is made to the Minister for Local Government the Hon. Paul Toole's appointment of the Independent Pricing and Regulatory Tribunal (IPART) to the Expert Advisory Panel to review local councils' Fit for the Future (FFF) submissions.

Council understands that IPART will conduct the review of responses received from NSW councils based on the Methodology released on 5 June 2015, and the Terms of Reference.

In response to IPART's publication *Methodology for Assessment of Council Fit for Future Proposals Local Government - Consultation Paper, April 2015* Manly Council provided its comments on 25 May 2015, addressing the five questions for stakeholder feedback. In summary, Council urged IPART to consider improvements to its methodology, as follows:

- IPART to seek advice on its legal competence under the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW), to accept the Terms of Reference from the Premier of NSW and/or his Minister for the purposed review;
- Critically review the question of scale and subordinating this criteria to community of interest and community aspirations considerations;
- Place significantly greater emphasis on the importance of community determined service standards: social, economic and local identity, and
- The role shared service plays in achieving appropriate scale.

At its Extraordinary Meeting held on Monday 22nd June 2015 called to consider its response to the government on its position on *Fit for the Future*, Manly Council resolved:

82 and 83 /15 RESOLVED:

It is recommended that Council, in its response to the State Government on Fit for the Future (FFF):

1. *Strongly support the long-held and repeatedly affirmed position of the community for Manly Council to remain independent;*
2. *Reject the recommendation from the Independent Local Government Review Panel (Sansom Report) for one 'mega' Council on the northern beaches;*
3. *In terms of the Fit for the Future requirements, submit Council's improvement proposal (Template 2) by 30 June 2015, advising the government and the Independent Pricing and Regulatory Tribunal (IPART) of Council's business case to remain as a standalone council because:*
 - I. *Manly Council is and will continue to be a highly successful and sustainable council;*
 - II. *Council has demonstrable strategic capacity to deliver services and infrastructure to the community into the future; and*
 - III. *Council has the civic leadership to plan and secure a prosperous future for the whole community.*
4. *In relation to IPART's invitation for alternative options, Council to provide IPART with a test case for two councils of equal size on the Northern Beaches and ask the government to demonstrate and prove to the community of Manly how such an option will result in an overall reduction in rates in the long term, improve local infrastructure and Council services, enhance environmental management, and most important of all, how it will advance the democratic and community of interest of Manly's residents.*

We therefore are writing to formally advise you that Council and the community of Manly strongly reject the recommendation of the Independent Local Government Review Panel for one 'mega' Council on the northern beaches, and in doing so, Council hereby provides you with a completed Template Two, and business case for a standalone and independent Manly.

In relation to point 4 of the above Council resolution, we would like to draw your attention to the attached test case, which reflects the Manly community's preference for two councils of equal size on the Northern Beaches if amalgamation was forced despite their overwhelming support for Manly Council

to standalone. However, the onus is on the government to demonstrate and prove to the community of Manly how such an option will result in an overall reduction in rates in the long term, improve local infrastructure and Council services, enhance environmental management, and most important of all, how it will advance the democratic and community of interest of Manly's residents.

Yours sincerely,



Jean Hay AM
Mayor

Date: 23/6/15



HT Wong
General Manager

Date: 23/6/2015



MANLY COUNCIL

MANLY COUNCIL

FIT FOR THE FUTURE SUBMISSION

JUNE 2015

COUNCIL OFFICES

1 Belgrave Street
Manly NSW 2095

CORRESPONDENCE TO

PO Box 82, Manly NSW 1655
DX 9205 Manly

T: +61 2 9976 1500
F: +61 2 9976 1400
E: records@manly.nsw.gov.au

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Manly Council

Fit For The Future Submission

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Council Name

Manly Council

Date of council resolution endorsing this submission

22 June 2015

1.1 Executive summary

Provide a summary (up to 500 words) of the key points of your Proposal including current performance, the issues facing your council and your planned improvement strategies and outcomes.

This submission confirms that Manly Council is fit for the future.

Since the start of the Fit for the Future (FFF) program, Manly Council has meticulously assessed the financial, social and practical outcomes of all possible merger options, and the implications they might have on Manly residents.

Council also engaged KPMG to independently assess our capacity and provide us with expert, independent advice on our current and future capabilities. Their report (attached), confirms that Manly Council is fit for the future, without needed to merge with other councils.

Importantly, Manly Council meets or exceeds the FFF criteria of sustainability, scale and strategic capacity, as established by the NSW Government and its independent panels – the Independent Pricing & Regulatory Tribunal (IPART) and the Independent Local Government Review Panel (ILGR).

Manly Council is

- Sustainable - Manly is one of the most financially sustainable councils in the entire state. TCorp's 2013 assessment of local government financial sustainability found Manly Council to be one of just 34 councils in the state to be financially sound or strong.
- Efficient – we achieve value for money by utilising advanced technology-based systems and by sharing resources such as waste management with our neighbours through long-standing partnerships.
- Effective – we deliver high-quality services and infrastructure without ever having to request additional rate increases. We work on regional issues through joint bodies such as the Shore Regional Organisation of Councils (SHOROC) made up of Manly, Mosman, Warringah and Pittwater Councils, to achieve tangible benefits for the region.
- Capable – Manly Council caters for 45,000 residents and eight million annual visitors. We strive to continually improve all functions of Council and as a result, we are a proven leader, particularly in the areas of innovation and the environment.

Manly is a cohesive community with a vibrant community of interest, created by its current geographic area. The Manly community has a long-held desire to remain independent and has repeatedly rejected any propositions for structural change to their local area.

In a survey of Manly residents conducted in November 2014 by independent research company, Taverner Research, the majority of respondents rejected the proposition of a Manly merger with Pittwater and Warringah Councils to form one local government area. This result confirms a poll from 2004 of 18,500 Manly constituents that also overwhelmingly rejected boundary changes and amalgamation propositions.

In a May 2015 random telephone survey, Taverner Research found that 59% of the community and 66% of the 18 to 35 age group do not support any merger.

It is the conclusion of this report that there is no reason, nor would it be in Manly residents' interest to suggest other structural options.

(437 words)

1.2 Scale and capacity

Does your council have the scale and capacity broadly consistent with the recommendations of the Independent Local Government Review Panel?

Yes.

Manly Council considers that it has the scale and strategic capacity that is broadly consistent with the recommendations of the Independent Local Government Review Panel.

(ie, the Panel did not recommend your council needed to merge or become a Rural Council).

If No, please indicate why you are not proceeding with a voluntary merger or creation of a Rural Council as recommended by the Independent Panel and demonstrate how your council has scale and capacity (up to 500 words).

Manly has a resident population of 45,000 and a visitor population of approximately 8million people p/a.

To serve our residents and visitors, we:

- collaborate with neighbours in managing waste, purchasing, tenders and environmental assets;
- utilise SHOROC to deliver regional projects; and
- employ technology-based systems to achieve more with fewer resources.

Manly Council meets, and exceeds the ILGR Panel's recommendations for scale and capacity as below:

1. Revenue base increased discretionary spending

Manly Council has an incontrovertible track record in financial management. We invest in community assets without special rate variations.

Council's audited statements show that we consistently meet or exceed the Office of Local Government and Accounting Code benchmarks, while in 2013 TCorp found Manly to be one of just 34 councils in NSW to be financially sound or strong.

2. Major projects and functions

Manly Council is highly experienced in carrying out multi-million dollar and multi-disciplined projects including the refurbishment Manly Corso and the Ocean Beach promenade.

Over the next 5 years, we will be investing over \$63 million in community assets including a new Aquatic Centre, a new car park under Manly Oval car park and the revitalisation of the Manly CBD.

3. Knowledge, creativity and innovation

Manly is an established leader in the field of innovation. A number of systems used in councils across the world have their genesis at Manly including mobile enforcement and crowd pattern recognition technology. Council initiatives are regularly recognised for their creativity such as the award-winning 'LitterGuard' waste education campaign.

4. Skilled staff

Council employs a broad spectrum of experienced, capable staff. Collectively their skills include, but are not limited to, financial management, engineering, IT, eBusiness, communications, legal, traffic management, childcare, town and environmental planning.

Council provides staff with regular training and grows its talent pool by offering career development opportunities.

5. Strategic planning and policy development

All senior staff are experienced in strategic planning and policy development that enables Council to turn innovative ideas into realities. For example, our Community Strategic Plan is visionary in its scope, yet implementation of it is already underway.

6. Effective regional collaboration

Manly is a founding member of SHOROC through which we share information and services, advocate for regional investment and coordinate state and federal programs.

SHOROC delivers for the community e.g. \$633 million investment in regional public transport and roads and millions saved through joint tenders.

7. Effective advocacy

Council works with volunteers, local committees and regional partners to advocate and deliver a variety of important services for the community including the Northern Beaches Hospital and the Northern Beaches Transport Action Plan.

8. Partner for state and federal agencies

Council routinely works with state and federal agencies to deliver infrastructure and services including the provision of childcare and SES facilities, the revitalisation of lagoons and waterways, and the stabilisation of the ocean beachfront.

9. Complex and unexpected change

Council has monetary resources to acquit complex and unexpected change and the in-house experience managing unusual capital budgeting decisions. While Council uses financial reserves to plan and anticipate future needs. Its reserves are not at the expense of core services.

10. Political and managerial leadership

Council's political and managerial leadership team has a collective experience spanning many hundreds of years. They share a customer-focused ethos and a "can do" attitude towards problem solving.

Manly Council has a popularly elected Mayor Jean Hay AM who has been proudly serving the people of Manly since 1987. Her dedication to the community has been recognised by one of the highest merit orders in Australia.

(536 excluding compulsory ILGP scale and capacity criteria).

2. Your council's current position

2.1 About your local government area

Explain the key characteristics of your local government area, your community's goals and priorities and the challenges you face in the future (up to 500 words).

You should reference your Community Strategic Plan and any relevant demographic data for this section.

The Manly local government area is a thriving, progressive part of Sydney where millions flock each year to relax, while others make it a lifestyle and take up residence.

Located on Sydney's Northern Beaches, Manly is renowned worldwide for its beautiful coastline and its reputation as Australia's 'Surf City'.

Manly has a vibrant local democracy in which Council delivers high quality and continually improving local services. It also provides strong, mature leadership focused on service excellence.

Tourism is an important draw card for Manly and the eight million visitors each year provides a major source of income and employment for local businesses. While residents and tourists both benefit from the variety of amenities in Manly, residents perceive that they pay the 'cost'. A key role for Council is to manage the high volume of visitors together with any associated increases in traffic, garbage, noise and other environmental impacts.

To manage this, Council is imbued with a culture of delighting customers and a "can do" attitude towards foreseeing and addressing community concerns.

Vision

Manly Council's vision for the next 10 years as set out in our Community Strategic Plan is:

"Where natural environment and heritage sustain and complement a vibrant cosmopolitan and community lifestyle.

In addition, we will work in partnership to deliver enhanced safety, cleanliness, accessibility, connectedness, and sustainability in Manly for current and future generations."

Goals

Manly Council's 10-year goals are:

1. A connected, involved and safe community that cares for its residents and visitors with goals to:
 - Improve community safety
 - Promote a healthy and active community.
 - Maintain and support amenities.
 - Create a more culturally vibrant Manly.
 - Support the social and welfare needs of the community.

2. A viable Manly for work, employment and infrastructure with goals to:
 - Facilitate a diverse Manly economy.
 - Promote tourism as an important part of the local economy.
 - Improve traffic, parking and sustainable transport options.
 - Maintain key amenities and infrastructure.
3. A sustainable, protected and well managed natural and built Manly with goals to:
 - Protect natural heritage, bushlands, waterways and biodiversity.
 - Create more affordable housing choices.
 - Maintain public health and building standards.
 - Facilitate a reduction in greenhouse gas emissions.
 - Promote responsible waste management.
4. A well governed Manly with transparent and responsible decision-making in partnership with the community by goals to:
 - Maintain public confidence in Council's decision-making.
 - Work in partnership with the community.
 - Efficiently use Council's resources.
 - Advocate to State and Federal Governments.

Challenges

The environment, the economy and transport are three critical issues facing all residents of Sydney in the years to come, including residents of Manly.

With this in mind, Council's strategic plan is driven by a desire to future-proof Manly's social and economic prosperity through the revitalisation of the CBD. Council's 'Masterplan' has been designed to make the town centre more economically resilient and improve traffic and transport movements. Its focus on taking cars off the road and encouraging people to explore Manly by foot and by bike will also help ease congestion and pollution.

(495 words)

See Guidance material Pg 10 for help completing this section

2.2 Key challenges and opportunities

Manly Council's Community Strategic Plan Beyond 2025 defines some of the strengths, weaknesses, opportunities and threats for the Manly area as:

Strengths

Some of the key strengths of the Manly area are:

- Strong rate base (Manly Council invests funds into infrastructure improvements and local initiatives within its means rather than increasing rates through special variations);
- Relatively wealthy, stable population base;
- Well educated local population with good access to quality educational facilities (primary, secondary and tertiary);
- Robust tourism economy supported by high visitor numbers;
- High-quality environmental assets – beaches, national parks, parks, bushland, open space and diversity in fauna and flora;
- Variety in housing to cater for a wide range of population needs (young, families and aged);
- Strong links with the Sydney CBD – direct bus and fast ferry services;
- First class community amenities including an internationally recognised art gallery and museum, swim centre facility, ocean pools, beach services, sporting fields and day care centres.
- Wide range of well-attended initiatives and events that cater for locals and visitors including the community bus, weekly and seasonal markets, major festivals and sporting events.
- Continual program of major and minor public domain improvements.
- No infrastructure void or backlog. All council assets are technically rated to be in a good, serviceable condition.

Weaknesses

Some of the key weaknesses of the Manly area are:

- Need for continued environmental protection – development must be properly managed in order to protect and sustain the natural environment;
- Increasing population growth, and pressure on housing densities;
- Increasing traffic congestion and demand for parking throughout the area to access beaches, sporting facilities, schools and services;
- Increasing costs of maintenance of basic infrastructure such as roads, bushland and parks (including state and other assets transferred to local government);
- Inability to capture visitors' spend on services and infrastructure provision;

- Need for more social and community infrastructure such as schools and childcare as the population grows.

Opportunities

Some of the key opportunities for Manly during the next ten years are:

- Deliver Council's infrastructure masterplan to reduce congestion in the CBD, create more public space and make Manly more economically resilient. Maximise the economic and social opportunities generated by this investment.
- Diversify the local economy and tourism-related opportunities.
- Create more opportunities for people to live and work in Manly.
- Continue to achieve economies of scale through regional collaboration and partnerships;
- Continue to advocate for improved regional services and infrastructure through bodies such as SHOROC. Maximise on the current investments being delivered in relation to the Northern Beaches hospital and the rapid bus transit project.
- Further strengthen transport links with the Sydney CBD and the Northern Beaches Region.
- Promote quality housing projects to accommodate population growth.
- Revitalise local neighbourhoods and centres.
- Continue to improve service delivery, community engagement opportunities.

Threats

Some of the challenges for Manly during the next ten years are:

- Community resistance to change.
- Protection of environmental assets.
- Housing affordability and the inability of local government to control or manage these aspects.
- Increasing traffic congestion as a result of increasing housing densities, coupled with increasing demands on community infrastructure.
- Rising costs of infrastructure and service maintenance.
- Balancing the needs of the local community with the needs of visitors; and
- Maintaining the unique iconic character and identity of Manly.
-

(587words)

2.3 Performance against the Fit for the Future benchmarks

Sustainability

Measure/ benchmark	2013 / 2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
	Calculate using Self- Assessment Tool	Yes/No <i>Automatic calculation</i>	Estimate performance	Yes/No <i>Automatic calculation</i>
Operating Performance Ratio (Greater than or equal to break- even average over 3 years)	2011-12 = -0.048 2012-13 = 0.009 2013-14 = 0.036 Average over 3 years = 0.000	Yes	2014-15 = 0.055 2015-16 = 0.099 2016-17 = 0.088 Average over 3 years = 0.081	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	2011-12 = 90.9% 2012-13 = 91.6% 2013-14 = 90.0% Average over 3 years = 90.8%	Yes	2014-15 = 0.923 2015-16 = 0.920 2016-17 = 0.915 Average over 3 years = 0.919	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	2011-12 = 91.9% 2012-13 = 125.5% 2013-14 = 102% Average over 3 years = 108.3%	Yes	2014-15 = 1.030 2015-16 = 1.748 2016-17 = 1.323 Average over 3 years = 1.375	Yes

Refer to Attachments 1 to 3¹ for further information and details.

Many Council's Long Term Financial Plans (as adopted on 1 June 2015, contained in the Community Strategic Plan Beyond 2025) achieves all its FFF sustainability benchmarks.

¹ Attachment 1 Fit For The Future - Expected Future Projections Improvement in Performance to 2019/20
Attachment 2 Fit For The Future - Expected Future Projections Three (3) Years to 2016/17
Attachment 3 Fit For The Future – Council Self-Assessment Post-Performance Three (3) Years to 2013/14

2.3 Performance against the Fit for the Future benchmarks

Infrastructure and Service Management

Measure/ benchmark	2013 / 2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
	Calculate using Self- Assessment Tool	Yes/No <i>Automatic calculation</i>	Estimate performance	Yes/No <i>Automatic calculation</i>
Infrastructure Backlog Ratio (Less than 2%)	2013-14 = 0.05%	Yes	2016-17 = 0.043% 2017-18 = 0.044% 2018-19 = 0.044% 2019-20 = 0.044%	Yes
Asset Maintenance Ratio Ratio (Greater than 100% average over 3 years)	2011-12 = 94.3% 2012-13 = 92.1% 2013-14 = 110.8% Average over 3 years = 98.2%	No	2014-15 = 107.8% 2015-16 = 105.4% 2016-17 = 103.5% Average over 3 years = 1.055	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	2011-12 = 3.05% 2012-13 = 3.39% 2013-14 = 6.32% Average over 3 years = 4.3%	Yes	2014-15 = 8.01% 2015-16 = 9.01% 2016-17 = 10.27% Average over 3 years = 9.12%	Yes

Refer to Attachments 1 to 3² for further information and details.

Many Council's Long Term Financial Plans (as adopted on 1.6.15 and contained in the Community Strategic Plan Beyond 2025) achieves all its FFF sustainability benchmarks.

² Attachment 1 Fit For The Future - Expected Future Projections Improvement in Performance to 2019/20
Attachment 2 Fit For The Future - Expected Future Projections Three (3) Years to 2016/17
Attachment 3 Fit For The Future – Council Self-Assessment Post-Performance Three (3) Years to 2013/14

2.3 Performance against the Fit for the Future benchmarks

Efficiency

Measure/ benchmark	2013 / 2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
	Calculate using Self- Assessment Tool	Yes/No <i>Automatic calculation</i>	Estimate performance	Yes/No <i>Automatic calculation</i>
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	2009-10 = 1.29 2010-11 = 1.28 2011-12 = 1.27 2012-13 = 1.21 2013-14 = 1.15 Real Operating Expenditure is decreasing over time (5 year trend).	Yes	2014-15 = 1.3389 2015-16 = 1.2705 2016-17 = 1.2682 2017-18 = 1.2696 2018-19 = 1.2502 Real Operating Expenditure is decreasing over time (5 year trend).	Yes

The calculations for this ratio is included in Attachments 1 to 3³.

Many Council plans to achieve all its FFF efficiency benchmarks.

³ Attachment 1 Fit For The Future - Expected Future Projections Improvement in Performance to 2019/20
Attachment 2 Fit For The Future - Expected Future Projections Three (3) Years to 2016/17
Attachment 3 Fit For The Future – Council Self-Assessment Post-Performance Three (3) Years to 2013/14

3. How will your council become / remain Fit for the Future?

3.1 Sustainability

Summarise your council's key strategies to improve performance against the Sustainability benchmarks in the 2016-20 period, including the outcomes you expect to achieve.

Manly Council's Long Term Financial Plan included in our Community Strategic Plan Beyond 2025 contains the following strategies:

- Continue to reduce operating expenses over time as a percentage of operating revenue (2016-2020).
- Achieve productivity improvements in performance of services (reduction in costs).
- Continue to review strategic services and delivery to the community (2016-2020).
- Continue to rely on own source revenue over time (2016-2020).
- Continue to renew infrastructure and construction of new community building and assets (2016-2020).
- Achieve the highest and best use of assets to deliver new and additional revenue sources (e.g. car parks, new community facilities, leasing assets and facilities).
- Investigate and implement new ways to undertake shared services in collaboration across council boundaries via SHOROC, NSROC and other regional organisations.
- Maintain existing service levels to the community.
- Maintain a strong cash position.
- Maintain a sufficient Employee Leave Entitlement Cash Reserve based on age and entitlements of staff in accordance with Council's Workforce Strategy.

Explain the key assumptions that underpin your strategies and expected outcomes.

For example the key assumptions that drive financial performance including the use of SRVs, growth in rates, wage increases, Financial Assistance or other operating grants, depreciation, and other essential or major expense or revenue items

The key assumptions in Manly Council's Community Strategic Plan 2025 include:

- Rates continue to be pegged (2.4% in Year 1; 2.0% in years 2 to 4; 2.3 to 2.7% in years 5 to 10).
- User charges and fees (indexed by average 2.5% p.a. in line with CPI).
- Interest on investments (3-3.5% p.a. until 2020).
- Grants and contributions maintained and based on past Financial Assistance Grants history (approx. \$1.2 million p.a.).

- Employee costs (3.25% p.a. in years 1-4; 3% average p.a. in years 5-10).
- Material, contracts and other expenses growth (2 - 3.25% p.a. increase).
- Borrowing costs (4.08 to 5.5% p.a. and major projects loan term is 40 years).
- 2.2% special rate variation requested (only 2017-2018 to reapply for infrastructure SRV); and no other special rate variations are planned or forecast in the next ten year period according to Council's Long Term Financial Plan.

Sustainability Strategies and Outcomes Table for Manly Council

Objective	Strategies	Key Milestones	Outcome	Impact on other Measures
1. Good and positive Operating Financial Performance	<ul style="list-style-type: none"> Maintain existing levels of service delivery to the community. 	Continuous until 2020	<ul style="list-style-type: none"> Continued delivery of council services across quadruple bottom line 	<ul style="list-style-type: none"> Sustainability: Operating Performance Ratios Efficiency: Real Operating Expenditure per capita
	<ul style="list-style-type: none"> Maintain a strong cash position in reserves and Council's financial position. 	Continuous until 2020	<ul style="list-style-type: none"> Continued delivery of services across quadruple bottom line 	<ul style="list-style-type: none"> Sustainability: Operating Performance Ratios Efficiency: Real Operating Expenditure per capita
	<ul style="list-style-type: none"> Maintain a sufficient Employee Leave Entitlement Cash Reserve based on age and entitlements of staff in accordance with Council's Workforce Strategy. 	Continuous until 2020	<ul style="list-style-type: none"> Continued delivery of services across quadruple bottom line 	<ul style="list-style-type: none"> Sustainability: Operating Performance Ratios Efficiency: Real Operating Expenditure per capita
	<ul style="list-style-type: none"> Continued real reduction in operating expenses over time as a percentage of operating revenue (2016 - 2020). 	Continuous until 2020	<ul style="list-style-type: none"> Continued delivery of services across quadruple bottom line. 	<ul style="list-style-type: none"> Sustainability: Operating Performance Ratios Efficiency: Real Operating Expenditure per capita

Objective	Strategies	Key Milestones	Outcome	Impact on other Measures
	<ul style="list-style-type: none"> Productivity improvements in performance of services (reduction in costs); continued review of strategic services and delivery to the community (2016 - 2020). 	Continuous until 2020	<ul style="list-style-type: none"> Continued delivery of services across quadruple bottom line. 	<ul style="list-style-type: none"> Sustainability: Operating Performance Ratios Efficiency: Real Operating Expenditure per capita
	<ul style="list-style-type: none"> Highest and best usage of assets to deliver new and additional revenue sources (e.g. car parks, new community facilities, leasing assets and facilities) 	Continuous until 2020	<ul style="list-style-type: none"> Better utilised assets; Additional or new revenue sources for council service delivery. 	<ul style="list-style-type: none"> Asset Maintenance Ratio
	<ul style="list-style-type: none"> Investigation and implementation of new ways to undertake shared services in collaboration across council boundaries via SHOROC, NSROC and other regional organisations. 	Continuous until 2020	<ul style="list-style-type: none"> Shared services Better usage of resources Possible cost savings Greater regional collaboration 	<ul style="list-style-type: none"> Sustainability: Operating Performance Ratios improved Efficiency: Real Operating Expenditure per capita
2. Minimal Financial Grant dependency (as percentage of revenue forecast)	<ul style="list-style-type: none"> Continued reliance on own source revenue over time (2016 - 2020). 	Long term (ten years as per plans 2020)	<ul style="list-style-type: none"> Continued reliance on own sourced revenue to undertake projects, service delivery for sustainable operations. Resourcing is not dependent on grant funding. 	<ul style="list-style-type: none"> Own Source Revenue ratio

Objective	Strategies	Key Milestones	Outcome	Impact on other Measures
3. Continued building and infrastructure asset renewals over time	<ul style="list-style-type: none"> As per Council's Resourcing strategy, Long Term Financial Plan, Asset Management Plan: minimal to moderate degradation of assets; essential maintenance of existing assets and building two new ones. 	Long term (ten years as per plans 2020)	<ul style="list-style-type: none"> Continued building and infrastructure spending to renew and maintain assets throughout the Manly LGA; Continued depreciation, amortisation and impairment of assets 	<ul style="list-style-type: none"> Debt Service Ratio

3.2 Infrastructure and service management

Summarise your council's key strategies to improve performance against the Infrastructure and service management benchmarks in the 2016-20 period, including the outcomes you expect to achieve.

- Manly Council's Community Strategic Plan Beyond 2025 encompassing of our Resourcing Strategy, ten-year Long Term Financial Plan and Asset Management Plan (AMP) enables Manly Council to make informed decisions on the most cost effective use of its assets over the long term to achieve the vision, mission, and strategies. The AMP shows the level of maintenance and spending over a ten-year period for all asset classes. Of these assets, \$335 million are depreciating assets that need to be maintained, renewed and replaced.
- The various integrated plans contained in the Community Strategic Plan Beyond 2025, support service delivery within the available resources (financial, staff, plant and equipment and budgetary parameters) and have a minimal risk profile.
- As outlined in Council's AMP, the continued strategy is to maintain, service and manage Council's \$700 million (+) asset portfolio in good working condition and satisfactory service standards to the community.
- Review Council's utilisation of assets to determine highest and best usage, especially for under-performing assets. Council has been undertaking such practices in recent years, evident in long-term leases for new assets acquired for community purposes. For example, the BUPA aged care facility at the former Seaforth TAFE site, Council's depot operations and leases with Energy Australia.
- Council plans to deliver \$48 million in new community infrastructure from the 2015-16 financial year onwards that is considered necessary for the future of the community as it aligns with community strategic plan objectives for Manly CBD revitalisation, safe swimming and parking provision.
- Council plans to deliver new community infrastructure by undertaking long-term borrowings, maximising usage of its assets and employing its debt prudently in their construction, management and operations. It will manage its debt ratios prudently as planned.

Explain the key assumptions that underpin your strategies and expected outcomes.

- Maintaining existing service levels of assets for the community at Category 3 or higher and ensuring no assets deteriorate in condition ratings.
- Capital expenditure on asset renewal, upgrades and extensions represents approximately 10% of annual expenditure.

- New and existing assets constructed, maintained and serviced (including major projects for Manly Oval, Manly Swim Centre and Manly CBD public domain improvements).
- Debt servicing maintained over time (40-year period); the initial increase in borrowings (2016/17, and 2017/18) for Council's major infrastructure renewal, construction and projects is expected to fall significantly over the next ten-year period.
- As a result of constructing new assets (swim centre, Manly Oval car park and a stormwater detention system), Council's assets and investments in infrastructure, property, plant and equipment are expected to expand significantly in the next 10-year period. These assets are planned to generate their own revenue sources with positive business and community benefits as a result of their construction and operations.
- Council's AMP continues plans to maintain its infrastructure to ensure a small infrastructure deficit.

Infrastructure and Service Management and Outcomes Table

Objective	Strategies	Key Milestones	Outcome	Impact on other Measures
1. Minimal Infrastructure Backlog	<ul style="list-style-type: none"> Maintaining existing service levels to the community. 	Continuous improvements until 2020	<ul style="list-style-type: none"> Continued delivery of services across quadruple bottom line. 	<ul style="list-style-type: none"> Infrastructure Backlog ratio Operating Performance Ratio Own source revenue ratio
	<ul style="list-style-type: none"> Review utilisation of assets for highest and best uses. 	Continuous improvements until 2020	<ul style="list-style-type: none"> Continued utilisation of assets effectively and efficiently. Provide additional or new sources of revenue for Council. Enable continued service delivery and asset & infrastructure renewal. 	<ul style="list-style-type: none"> Infrastructure Backlog ratio Asset Maintenance ratio Operating Performance Ratio
	<ul style="list-style-type: none"> Renew assets and infrastructure to maintain category 3 condition ratings in Asset Management Strategy. 	Continuous improvements until 2020	<ul style="list-style-type: none"> Continued renewal of assets and reduction in asset deterioration. 	<ul style="list-style-type: none"> Infrastructure Backlog ratio Asset Maintenance Ratio
2. Continued maintaining assets (as per Resourcing Strategy and Asset Management Strategy)	<ul style="list-style-type: none"> Continued asset maintenance expenditure over time (2016-2020). 	Long term (ten years as per plans 2020)	<ul style="list-style-type: none"> Continued maintenance of assets and infrastructure to acceptable community service standards. 	<ul style="list-style-type: none"> Asset Maintenance Ratio
3. Continue to service debt through council operating revenue	<ul style="list-style-type: none"> As per Council's Resourcing strategy, Long Term Financial Plan, Asset Management Plan: maintenance of existing 	Long term (ten years as per plans 2020)	<ul style="list-style-type: none"> Continued building and infrastructure spending to renew and maintain assets throughout the Manly LGA. Infrastructure borrowings and finance secured at interest rates 	<ul style="list-style-type: none"> Operating Performance Ratio Debt service ratio

Objective	Strategies	Key Milestones	Outcome	Impact on other Measures
	assets and building two new ones via debt finance.		<p>that remain low, affordable and do not impact council service performance and operations.</p> <ul style="list-style-type: none"> • Debt finance repaid through revenue received in operations of new and existing facilities. 	

3.3 Efficiency

See Guidance material Pg 14 for help completing this section

Summarise your council's key strategies to improve performance against the Efficiency measures in the 2016-20 period, including the outcomes you expect to achieve.

Manly Council's Long Term Financial Plan plans to reduce its real operating expenditure (operating expenditure per capita) over time via the following strategies:

- Achieving productivity and efficiency improvements in expenditure on services.
- Realising and decreasing employee numbers over the next ten years by an estimated 40 positions.
- Increasing Council revenue and income from continuing operations, realisation of assets and creation of new assets or business structures to deliver services (e.g. car park expansion and new Manly Swim Centre, long leasing of Council operational lands).
- Increasingly outsourcing operations, services and functions undertaken by Council. Investigation and implementation of these over time.
- Greater regional collaboration to deliver services on the Northern Beaches via SHOROC, NSROC and other specific arrangements.

Explain the key assumptions that underpin your strategies and expected outcomes.

- Population growth towards 2020 is based on historical increases of population growth percentages sourced from ABS, Regional Population Growth, Australia, Estimated Resident Population LGAs, NSW, as released 3.4.14 and historical population growth rates.
- Operating revenue increases more than operating expenditure by 2020 as a result of savings achieved through new business operations, revenue sourcing, innovative methods of doing business, collaborating with neighbours and sharing services.

Outline your strategies and outcomes in the table below.

Objective	Strategies	Key Milestones	Outcome	Impact on other measures
Reduce real operating expenditure (operating expenditure per capita) over time	<ul style="list-style-type: none"> Continuous productivity and efficiency improvements in expenditure on services. Decreasing employee numbers over the next ten years by an estimated 40 positions. Increasing revenue and income from continuing operations, realisation and creation of existing and new assets and business operations to deliver services (e.g. car park expansion and new Manly Swim Centre, long leasing of Council operational lands). Increasingly outsourcing operations, services and functions undertaken by Council. Investigation and implementation of these over time. Greater regional collaboration to deliver shared services with Council neighbours via SHOROC, NSROC and other specific arrangements. 	Continuous improvements until 2020	<p>Continued delivery of council services across quadruple bottom line.</p> <ul style="list-style-type: none"> Better utilised assets; Additional or new revenue sources for council service delivery. Shared services Better usage of resources Possible cost savings Greater regional collaboration 	<ul style="list-style-type: none"> Sustainability: Operating Performance Ratios improved Efficiency: Real Operating Expenditure per capital Asset Maintenance Ratio

3.4 Improvement Action Plan

Summarise the key improvement actions that will be achieved in the first year of your plan.

Manly Council is currently operating well, at sufficient scale and capacity to achieve sustainable financial ratios across all measures. Nevertheless, we continuously aim to strengthen and streamline every facet of council to provide the best service, infrastructure and value for money for our community.

The actions below are currently contained in Council's current integrated planning and reporting documents, and form part of our strategic planning that demonstrates we are 'fit for the future'.

Actions	Milestones
1. Implement the Manly Community Strategic Plan Beyond 2025, including the Resourcing Strategy and other Integrated Delivery Plans.	<ul style="list-style-type: none"> • June 2016; review Integrated Plans for next financial year's operational plan. • Annual Report – documenting achievements of CSP and Integrated Delivery Programs. • Quarterly reports on progress of Delivery Program and Operational Plan actions; • End of Term report (2013-2016 period of council). • Council elections 2016.
2. Undertake major projects as planned in the Community Strategic Plan and the Operational Plan 2015-16.	<ul style="list-style-type: none"> • Quarterly reports on progress of Delivery Program and Operational Plan actions. • Quarterly Financial reports on budget achievements as per adopted Operational Plan 2015-16.
3. Continuous improvements in productivity, efficiency and operations.	<ul style="list-style-type: none"> • Quarterly financial reports on budget achievements as per adopted Operational Plan 2015-16. • Continual reductions in operational costs. • Workforce plan improvements implemented. • Review assets for highest and best use to ensure continued service and infrastructure delivery. • Implementation of new financial strategies to gain greater efficiencies in service delivery. • Collaboration with neighbours to increase shared services (consideration and investigation across different and new areas of council operations).

*** Please attach detailed action plan and supporting financial modelling**

Council's Resourcing Strategy and Long Term Financial Plan, as contained in our Community Strategic Plan Beyond 2025 adopted on 1 June 2015, is Council's detailed action plan together with supporting financial modelling and related plans that continue Manly Council's good financial performance during the next ten years.

It also demonstrates continuing Council strategies as pursued over recent years of prudent financial management and the achievement of all comparative financial benchmarks, detailed below:

1. Implementing Workforce Plan improvements. Deliver and restructure Council's workforce to eliminate duplication and inefficiencies and improve productivity in service delivery. Part of this will also involve a reduction in workforce numbers over time by an estimated 40+ employees over the next 10-year period, in particular over the next 3-5 years. This builds on Council's current workforce strategies and achievements in reducing its workforce by 50 positions (409 to 355 over the last 3 years). It also involves simplifying and implementing technology to ensure best practice service delivery in accounting procedures, customer services, development assessments, compliance, payroll and human relations functions.
2. Reviewing fixed assets for the highest and best uses, including divesting assets via sale or long term leases in order to achieve budgetary and resourcing strategies planned. This builds on existing resourcing strategies of effectively using assets to derive additional legitimate sources of income and revenue for council's continuing operations, investments and asset portfolio expansion. For instance, leases negotiated with BUPA regarding the utilisation of the Seaforth TAFE site, Council's depot operations and leases with Energy Australia, and further investigations of these opportunities.
3. Implementing prudent and clever financial management practices to deliver infrastructure projects and new community assets. While Council's long-term financial plan shows the achievement of sound financial management ratios, it is noteworthy that this is also while delivering an additional \$48 million of new community assets (as detailed below). This has been achieved by astute borrowing practices including borrowing at variable interest rates and below NSW Treasury benchmark rates (7%) to achieve lower cost of funding new infrastructure projects, and minimal cost to council. Council plans to continue these measures and investigate new methods of achieving benefits and savings for the community in service delivery.

Delivery of \$48 million in community assets for Council by undertaking the following major projects:

- I. The construction of a new car park underneath Manly Oval will deliver additional revenue and parking spaces, and provide an opportunity for Council to maximise the land at the existing Whistler Street carpark, which has the potential to deliver \$18 million (+) as a long-term lease or sale for Council. Refurbishing this site will also provide new opportunities for new commercial and community revitalisation of the Manly CBD.
- II. The construction and completion of the new additional facilities at the Manly swim centre are fully costed, self-funding, and provide additional revenue for the facility, based on a sound business case.

- III. Public Domain infrastructure improvements (to the value of \$10 million) planned for the next couple of years as per the Manly2015 Masterplan will deliver multiplier benefits to sustain the commercial capacity of the Manly town centre.
4. Continuing business planning and service improvements to reduce costs of operations. Manly Council undertakes continuous improvements of its service delivery and monitors performance of its services. Council fees and charges are monitored and updated on an annual basis. An example of recent efficiencies in operations and the elimination of cross-subsidisation of services is evident in Council's children's services. Previous council subsidies of \$250,000 - \$500,000 have been eliminated as these operations now aim to recover the full cost of their operations.
5. Increasing collaboration and shared services with neighbouring councils. Building on the successful operation and partnerships of SHOROC, Council has achieved savings through joint tenders, purchasing and state supply contracts. Collaboration and initiatives in waste management through the operation of Kimbriki Environmental Enterprises P/L have also resulted in new facilities, improved operations, efficiencies and potential in processing regional waste. There are future opportunities to build on the successes of the regional collaboration through shared services and operations such as payroll, human resources advertising, legal services, computer purchases and Information Technology, Environmental assessments and compliance services, strategic planning, and asset maintenance.

Outline the process that underpinned the development of your Action Plan.

For example, who was involved, any external assistance, consultation or collaboration, and how the council has reviewed and approved the plan.

Manly Council prepared the Long Term Financial Plan using in-house expertise. The plan builds on Council's sustainable financial performance of previous years evident in its audited financial statements, as assessed by NSW Treasury Corporation in 2013.

3.5 Other actions considered

In preparing your Improvement Action Plan, you may have considered other strategies/actions but decided not to adopt them. Please identify what these strategies/actions were and explain why you chose not to pursue them.

For example, neighbouring council did not want to pursue a merger, unable to increase rates or increase borrowing, changes in policy or service standards

Manly Council has extensively considered all possible amalgamation options, meticulously assessing the financial, social, strategic and practical implications any council merger might have.

Council also engaged expert consultations, KPMG, to independently assess these options on Manly's behalf. See Attachment 5⁴.

At the end of this process, it was clear that Manly Council was 'fit for the future' without needing to merge. In light of this, Council decided that remaining independent was the best outcome for the community.

This decision was based number of factors including:

- A long-standing preference by the community to remain independent.
- Loss of local representation – councillor to population ratios in a large organisation would be significantly reduced.
- Minimal financial gain – any cost savings are largely counteracted by the costs of merging. Cost savings can be realised through advancing existing partnerships such as SHOROC without the cost of merging.
- Potential loss of local services and facilities that might not be a priority in a larger organisation.
- Reduced ability to tailor programs specifically to the needs of Manly residents and visitors.

The State Government has stated they have a 'No Forced Amalgamations Policy' and Manly Council fully supports this. Experiences in other Australian states have shown that council amalgamations will fail if they are forced.

⁴ KPMG Independent Review of Structural Options for Manly Council & Pittwater Council, Prepared for Manly Council and Pittwater Council, Part A: Summary Report, 1 April 2015

4. How will your plan improve performance?

Measure/ benchmark	2016/17	2017/18	2018/19	2019/20	Achieves FFTF benchmark? Yes/No
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	0.088	0.117	0.117	0.130	yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	0.915	0.930	0.931	0.932	yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	1.323	1.000	1.000	1.000	yes
Infrastructure Backlog Ratio (Less than 2%)	0.043%	0.044%	0.044%	0.044%	yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	103.5%	103.5%	103.5%	103.5%	yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	10.27%	9.20%	8.76%	8.41%	yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	1.3047	1.3062	1.2863	1.2692	yes

4.1 Expected improvement in performance

If, after implementing your plan, your council may still not achieve all of the Fit for the Future benchmarks, please explain the likely reasons why.

For example, historical constraints, trade-offs between criteria, longer time required.

Manly Council meets all its FFF benchmarks (historic, current and future) and expects to continue its strong performance as detailed in its Community Strategic Plan and associated integrated plans.

5. Putting your plan into action

How will your council implement your Improvement Action Plan?

For example, who is responsible, how the council will monitor and report progress against achieving the key strategies listed under Section 3.

Manly Council is already operating well and achieving all its financial benchmarks in relation to performance and management.

Our Community Strategic Plan Beyond 2025 defines strategies that the community wants to achieve over the next ten years and our Resourcing Strategy defines how we expect to continue this record of accomplishment.

Over the next 5 years, we will be delivering over \$63 million in community assets. These assets include a new Aquatic Centre, Manly Oval car park, a new stormwater detention tank and Manly 2015 Public Domains improvements. Each of these projects have substantial social, environmental and economic multiplier benefits for the Manly and Northern Beaches area.

Council will achieve these projects in addition to delivering a wide variety of core and non-core services that the community has come to expect and those that are required by the NSW Government as stated in our Community Strategic Plan.

Manly Council is already achieving excellent results, beyond what it is required to produce and deliver. We report our progress on a quarterly basis to Council and annually to the community in the Annual Report.

Community satisfaction is measured annually and continues to show high levels of community satisfaction with the services we provide across all social, economic, environmental, governance and community safety indicators. These results are published annually in Council's Operational Plan updates as part of revisions to its Community Strategic Plans.